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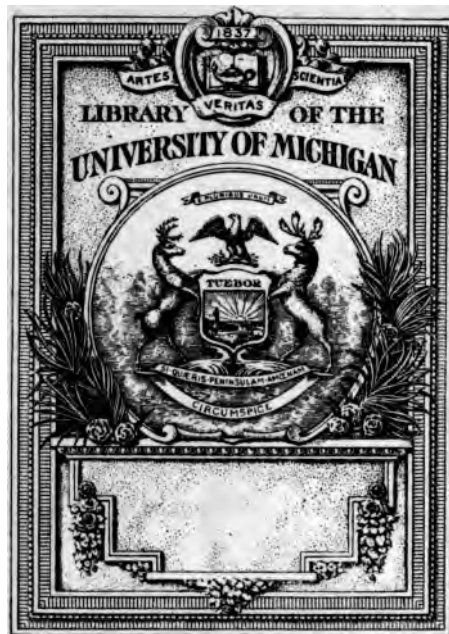
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# SOCIAL UNREST





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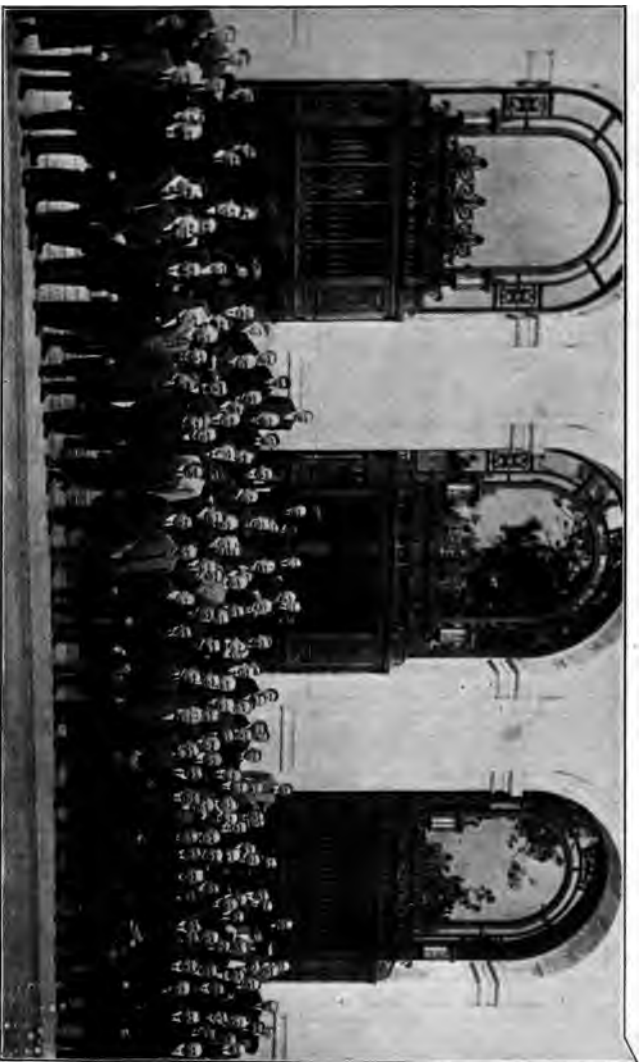
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● Harris & Ewing  
DELEGATES TO THE GREAT INTERNATIONAL LABOR CONFERENCE WHICH MET IN  
WASHINGTON ON OCTOBER 28, 1919.





# The SOCIAL UNREST

*CAPITAL, LABOR, AND THE  
PUBLIC IN TURMOIL*

IN TWO VOLUMES

EDITED BY

LYMAN P. POWELL, D.D., LL.D.

VOLUME II

THE REVIEW OF REVIEWS COMPANY  
NEW YORK

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# SOCIAL UNREST

## I

### THE WORLD IN TURMOIL

HENRY WYSHAM LANIER

Taking that sweeping backward look essential to a proper perspective of the chaotic present, one sees To-day as the evolution of these Yesterdays:

Two full generations of incredible material advance, during which civilized men made such conquest of Nature's forces, Nature's hidden wealth, Nature's unguessed secrets, as produced an utterly new world. For that period at the middle of the 19th century which saw earth and ocean and air tied together into business unity by railroads, ocean liners, telegraphs and cables; which beheld the discovery of anthracite and the general use of coal, the finding of gold in Australia and California, of petroleum in Pennsylvania; which witnessed the installation of steam as man's industrial and household Genius; (not to mention the reaper, the sewing machine, commercial steel, and the first express system)—that pregnant twenty years surely marks an epoch. Since money is a measure of material power, perhaps one can visualize something of this change by noting that the wealth of the United States increased a hundred times from 1830



to the World War, the per capita wealth rising from \$205 to \$2,223,— while the last tax statement showed four Americans who had yearly incomes of five million dollars or over, several hundred with over half a million, and a total net income each year, of corporations and individuals subject to tax, amounting to twelve and a half billions.

During this vast growth, the world became so knit together by business, financial, social and scientific intercourse, that to most of us war was unthinkable. And an accompanying, though infinitely slower, advance in human relations, in the ideal of universal human brotherhood, made the same argument to a higher set of faculties.

Suddenly in 1914 came the challenge to some of the accepted basic facts of civilization and progress.

Then, four and a half years in which the whole world bent its uttermost powers to destruction, finding within itself powers far beyond what it had suspected. Finding, too, many other things it had never fully realized, in the vast upheaval, and the necessary tossing overboard of peace-time laws.

Finally, a year of trying effort to make a lasting peace—to provide practical means by which a lofty ideal of justice between peoples should really operate in a working world, torn, exhausted in pocket and nerves, beginning to clamor with suspicion and egoism.

That brings us to to-day.

No thoughtful man who recalls the barest outlines of

what has happened in the last five years could be surprised that the world is in turmoil. Rather must the wonder be that the accustomed currents of life are still so largely in their wonted channels.

Consider:

Twenty million men slain by battle and disease.

Two hundred billion dollars spent for destruction.

Two-thirds of Europe in area, and almost the same proportion of population, having undergone complete revolution in government, the imperial autocracies of centuries swept away. One hardly expects a patient to resume normal activities immediately after a capital operation removing a deep-seated cancer!

Most profoundly disturbing of all,—a world-wide outbreak, as a natural reaction from the age-long repression of individuality in Russia, Germany and Austria, of that excessive individualism which expresses itself in the ideals of Anarchism. This denial of any, even self-imposed, external authority has ever been one of the poles towards which some minds were driven by their acute sense of human personality. Zeno formulated the doctrine of opposition to the state over two thousand years ago. This republic of the United States was less than two decades old when there was born in Boston a man, Josiah Warren, who was presently to insist that all government and laws should be supplanted by complete individual liberty.

Such radical ideas in government sober men have had

to combat since civilization began. No impartial observer can fail to see the same philosophic tendency expressing itself in much of the "new" poetry, art, music — even social and sex relations. But since November, 1917, for the first time in history, a group of energetic theorists have actually put such principles into operation among a nation of a hundred million people, occupying half of Europe — with the avowed plan of spreading their wildfire to the whole surrounding structure, built up through the centuries by the rest of the world.

Yet the overwhelming mass of the folk of America, Great Britain, France, Italy, Scandinavia, Belgium, Holland and Japan are still sanely aware of the truths of history, still determined to build upon the foundations they believe eternal, no matter what remodelling may seem a proper expression of increased knowledge and wider vision.

Looked at in this honest balance, the situation can make no men of courage apprehensive, only resolute. Least of all can any real American fail to preserve his poise, and the characteristic optimism based on a conviction that a free people can solve any and all of its problems by calmly gathering all the facts and looking them in the face.

For let us, in all humility and thankfulness, contrast our condition with that of our international fellows.

We spent a hundred and twenty thousand lives. But, by the normal average death-rate of peace times, almost half this number would have died without any war. Whereas

Russia lost 1,700,000; France, with two-fifths our population, 1,385,000; Germany, 1,600,000 (besides over half a million civilians who died from malnutrition), and so on.

The billions we spent which got away from us were but a fraction of one year's income. Think of Germany, with only a billion and a half net income (above the living standard) before the war, after having poured out forty billions, now forced to the payment of twenty billions more in indemnities!

We came out of the war the financial leader of the world, with aroused consciousness of our strength, possessing probably half as much again in wealth as in 1914. Consider France, crippled and exhausted. Yet Mr. Frank A. Vanderlip estimates, with a debt crushing its forty millions, that will amount to sixty billions of dollars when the government has discharged its obligations to its own people.

When Mr. Vanderlip went abroad, in the spring of 1919, he found everywhere "paralyzed industry"—"idleness, a lack of production throughout Europe and, indeed, in England, that you can hardly comprehend." For instance a million people in England, and eight hundred thousand even in little Belgium were receiving a weekly unemployment allowance.

He reported hundreds of thousands of people in Central Europe literally starving, largely because transportation was lacking to move food, and farm animals were so scarce that only the scantiest crops could be grown. The currency

situation almost everywhere seemed to him terribly difficult — billions in fiat money with nothing but the government's pledges back of it.

France seemed to him literally "bled white"; England on the verge of a revolution with military tanks patrolling the Glasgow streets and railroad men, coal miners and electricians threatening to cut off completely transportation, heat, power, and light; Spain hog-ridden with a pervading secret "laboratory of Bolshevism" terrorizing newspapers, witnesses, juries; Russia, flooded with counterfeit money, with the future prospect of being exploited by Germany; Italy loaded down with debt urgently needing a million tons of coal a month, cotton and other raw materials for its factories, but with almost no exports to balance these essentials to resuming industry.

Small wonder that he proclaimed a débâcle worse than anything we have yet seen, unless the United States furnished promptly to manufacturers abroad, confronted with wage situations doubling or tripling labor costs, materials, machinery and food — on long term credits upon such security as bankers would consider highly inadequate in normal times.

Mr. Vanderlip's proposals for meeting the situation were just as correct and far-seeing six months or a year later as when he first made them. But by the fall of 1919 there were not wanting signs that even so acute an observer had underestimated the nations' recuperative powers, just as

everybody underestimated those of the South after the American Civil War.

To be sure, it was probably necessary to be some thousands of miles away to feel greatly hopeful about what is now history. Yet, the testimony was that a stable government had been formed, having the support of the mass of the people — certainly the foundation of all material reconstruction. Albert Halstead, the United States Commissioner in Vienna, gave a vivid picture about the end of October, 1919, of conditions in the country:

“Vienna and all Austria are in desperate straits. The crown, usually worth more than the Swiss franc, is worth less than one cent now, hardly one-twentieth of its normal value. Austria is left with 7,000,000 people, of whom 2,500,000 are in Vienna. Austria's income is roughly \$3,000,000,000; her outgo \$8,000,000,000. Vienna has food for ten days, but no cash is available to replenish the stock of food because one must pay \$20 for every dollar's worth.

“The receipts of coal are absurdly inadequate, street cars are not running, Vienna is almost in darkness and there are few trains.

“Unless action is taken Vienna is going to die of starvation and cold and her débâcle will affect the whole of the old empire. Then what is left of Austria will tie itself to Germany despite the Peace Conference.

“With this desperate outlook, Austria has a new Coalition Cabinet, which has the support of four-fifths of the people. The head of the Government, Dr. Otto Renner, has courageously taken up the burden. In considering Austria we must remember that the old ruling class has deserted the country and that the people, who are now trying to save

what is left, were guiltless of the policy which caused the war.

"Something must be done about Austria. It could be carried along by charitable gifts, but that would be simply prolonging the agony. It needs a big, humane plan participated in by the Entente Powers. The difficulty is that Austria has few tangible assets upon which to base the large loan it needs, but it has developed industries and highly technical artisans who can produce quickly if they are fed and have raw materials. What they need is a chance to work.

"The opportunities for Americans to buy basic industries cheap are numerous, but individual purchases of factories are not important; the problem must be treated in its entirety.

"The most feasible plan is for the four great powers to permit Austria to issue securities based on public and private property, and to have the four powers underwrite the securities. With a commission controlling such a fund, the securities would offer a sound investment for a ten-year period, and long before that Austria would be a going concern again. If the powers cannot do this an American or international banking syndicate would find the operation extremely profitable. American willingness to help right now would create a binding friendship.

"One thing is certain, Austria cannot, by herself, pull herself out of the hole. She is going straight to ruin. We can save her and gain by doing so."

All things combined for a time to make poor Belgium's recovery so slow that many entertained the gloomiest feelings as to her future.<sup>1</sup> The effect of the vast destruction of

<sup>1</sup> As this volume goes through the press the latest reports concerning Belgium are somewhat more reassuring. *Editor.*

machinery and of farm animals, and the absence of raw materials was naturally supplemented by the nation's exhaustion and the habituating of a great body of workers to being supported.

The British Government sent a special commission to Belgium to arrange for financial credits the latter must have and for the securing from India of the essential raw materials; also for such matters as the diversion of all supplies for the British armies from the port of Rotterdam to that of Antwerp.

Mr. Herbert Somerset, head of this commission, found "a wave of economic activity spreading over the country and in consequence a far more hopeful spirit among the people." While there was still much idleness, this had been remarkably reduced since the beginning of the year; houses had been rebuilt here and there; with the help of the surrendered German rolling stock, the railways were working, and the injured canals were being repaired; several British banks had opened Belgian branches, and the combinations between industrial groups in the two countries promised much help in the revival of commerce.

The whole-hearted response to King Albert and Queen Elizabeth during their visit to the United States showed clearly that this particular international duty, of helping to finance the brave little country in its struggle for restoration, would be carried out with enthusiasm.

As for Great Britain, the most striking and encouraging



fact is that she had the "revolution." Mr. Vanderlip apprehended — and the rest of the world hardly realized it.

For, no matter where one's sympathies lie one must realize that history may look back to that conference of April, 1919, which established the permanent National Industrial Council, as something epochal like the gathering of the Barons at Runnymede. In effect a new House was added to the government, where the voice of Labor speaks with an influence that would disrupt the political life of almost any other country. A brilliant correspondent remarked whimsically, on his return from England, that he would not be in the least surprised to see that country "with a Soviet *and* a King! — so marvellous seemed the Englishman's power of adapting himself and facts and conflicting theories to the working commonsense of a situation.

She faces problems enough. Ireland, unsettled, still a festering sore, the difficult status of India, Egypt and Mesopotamia to be evolved under the changing conceptions of colonial government; the sentiment of the self-governing Dominions for full partnership in the Empire to be met and worked out practically.

Meanwhile the close of the first year since fighting stopped saw her expenses still so vast that in spite of every effort, the *Times* figured a daily deficit of £2,000,000 and the budget estimate calls for the raising of £806,000,000.

The attempt to economize threw an army of workers out of employment. This, with the seething of labor, the radical

stirrings for "direct action," discontent of the women exchanging high wages and responsibility for domestic service, caused widespread social unrest, whipped up to a higher pitch by the inflated prices of everything.

Yet Labor has been met by taking it in as a partner in running the country. "Profiteering" became suddenly unpopular when 800 local committees were set up to ascertain and report such cases. And it is significant that great forward movements were reported, like the pervading work of the new Ministry of Health, an auction plan, impressive even after being cut down.

Here is the program announced by the Government after an appeal, in the official publication, *The Future*, to all to help in building up the new world, "where labor may have its just reward and indolence alone shall suffer want."

#### COAL MINES

State purchase of mineral rights.

A levy on purchase price for social amelioration of mining areas.

Miners to help shape conditions of industry.

Reorganization and economical management of mines.

Labor representation on controlling boards of mining areas.

A free career to talent throughout the industry.

A committee on output to be set up immediately.

#### TRADE POLICY

Free imports (with certain exceptions) from Sept. 1, 1919.

No Government support of foreign exchanges except to prevent complete collapse.

No dumping of foreign goods for sale at sweated prices.

Powers to prevent any flood of imports competing unfairly with British goods through a collapse of exchange in the country of origin.

Protection for unstable "key" industries, i. e.:

(a) Products essential for war.

(b) Industries so neglected before the war that there was an inadequate supply of their products.

(c) Industries which it was found necessary to foster and promote during the war.

(d) Industries that cannot maintain the level of production essential to the nation without Government support.

No undue profits at the expense of the community to be made by reason of protection of unstable "key" industries.

Development of technical instruction and research for all classes.

Inquiry and propaganda to promote increased output.

Standardization to be promoted and co-ordinated by the State.

Development and control of electric and water power supply.

Imperial trade to be fostered, and an imperial investigation board to improve communication and transport within the empire.

Export credits to facilitate resumption of trade with disorganized European countries.

Stimulation of export trade.

Agriculture to be further developed and fixed prices for crops to continue for another year at least.

Protection against trusts, combines and harmful trade combinations, Government to collect fuller statistics of national trade, prices, costs, profits, &c.

## LABOR

A national maximum forty-eight-hour week.

A living wage for all workers.

Workers to have:

(a) A voice in working conditions.

(b) A financial interest in their work.

(c) Provision for unemployment.

Whitley councils to be developed.

Healthy houses and expeditious transport.

Many observers who judged mainly from what they beheld in the devastated region of France naturally found it difficult to detect much light beyond the cloud of exhausted depression. This record by Philip Gibbs gives a typical picture of what impressed a sensitive visitor there:

"The mind of the people is sick. The war seems to have changed the men who fought in it or suffered in it. They demand high wages or will not work at all. They look out for any way of pleasure and have no thrift. There are crimes of violence in dark streets at night. In Lille, as in Amiens, there is much drunkenness now that the restrictions have been removed from alcohol, and into Lille has crowded a dense population from that outer belt of ruin, the devastated region. There, apart from a few wooden huts among the ruins, there is no revival of normal life, and there the blessed word "reconstruction," spoken in Paris as a magic word, a word of power, is only a fetish and a will-o'-the-wisp. So the people of Lille have talked to me rather bitterly and rather sadly. . . .

"Opposite me sat a young man who had driven my car. He had been a soldier in the war, driving ammunition-wagons to the lines, and was a boy when the war began; but

now, by his experience of war, he has stored up knowledge and thoughtfulness.

“‘It is not lack of labor which is our trouble,’ he said. ‘We have plenty of men who might be working, but they do not work.’

“‘Why not?’ I asked.

“‘Because they were soldiers,’ he said simply.

“‘Explain,’ I said.

“‘He explained his meaning as a man who knows and states plain facts.

“‘Soldiers who fought in the war,’ he said, ‘for three years or four years had many escapes from death. They expected to die. The life they now have by luck is what they call ‘the bit over.’ It is an unexpected gain which they propose to enjoy as a reward for the misery of the war. They do not want to toil again, to sweat early and late, to struggle. They have retired; they will leave the hard work to those who did not fight in the war. As soldiers they lost the habit of work. All their ideas of the values of life were what follows in their retirement. There are very few who will begin life all over again and start a new career. They are tired and they want to rest and to think of their luck in having dodged that death which they expected. That is the spirit of many men I know.’”

Yet even at Albert a nucleus of peasant operations has gathered again; and in a wooden hut church built for them by the American Red Cross, these devout folk watched one Sunday the Archbishop of Amiens re-consecrate the Altar with the old statue of the Madonna and Child which had stood for six months in the church annihilated by the war. And here as elsewhere, the word “reconstruction” is “a

magic word " bringing out in each hearer his own dominant quality of hope, despair, criticism, or resolution.

Arras, which had only 25,000 people before the war, had already a population of 20,000, including the 8,000 laborers working away to restore the city to active working life and save as many of its beauties as possible.

As for Paris, while its gaiety seemed to have returned, there was deep anxiety about high prices, coal scarcity, labor and socialist unrest, probable rationing of food and the like.

But no one who recalls what France showed the world when she awoke from the madness of the Revolution, or facing the humiliation and famine and financial prostration of 1871 can doubt what will happen in France.

There was a significant announcement at the end of October that a coalition had been formed for the November elections between such violently divergent parties as the Radical Socialists (numerically the strongest in France), the Democratic Alliance (next largest), the Republican Socialist, and the influential business organization, called the Republican Committee of Commerce and Industry.

The union of these antagonistic groups is to combat Bolshevism on the one hand, the Royalists on the other; and their platform comprises:

" Absolute secularization of state and schools, respect of liberties of labor unions, opposition to Bolshevism, to dictatorship of any sort and to all forces of violence; restoration of devastated regions with integral indemnification for vic-

tims of the war; the economic reconstruction of France, increase of national resources through intensified labor to meet changed conditions, development of agriculture, reduction of the period of military service to the shortest period compatible with the security of the nation, reorganization of education, general and technical, and, finally, extension of the powers and means of action of the League of Nations."

Many times in the past has the Frenchman showed the world how impossibilities become easy when confronted by the united majority of an aroused nation.

As pointed out by Dr. Alonzo E. Taylor (of the War Trade Board and the United States Food Administration), the armistice found Germany, in spite of her efforts to comb the over-run surrounding regions, "a depleted country." She was practically empty of everything needed for the resumption of commercial operations.

The official summary of immediate necessities for beginning again as a going concern footed up to three billion dollars, over half of this being in needed foodstuffs.

Even where factories could have resumed the owners were waiting for the stabilization of labor prices, for coal at purchasable rates, and especially for exact data as to the requirements they must meet in connection with the twenty billion dollars which the Reparation Commission is to receive from Germany. At a session of the National Council in Berlin it was figured that it would cost the country as much to wind up the war as it had for four years' hostilities. Dr. Taylor found the German people becoming

more practical and more conservative economically each month, swinging away not only from communism but even from old-time Marxian socialism. The ideals of the Socialists approximated those of the Progressives before the war. The active leaders of the country, immensely sobered by their responsibilities, were even hedging on their avowed program for "socializing" the mines — the committee having reported after two months' study that the way to do it was not to do it at all!

He confirmed the opinion of nearly every economist who had actually been in Germany that the rapidity of her recuperation depended mainly upon the realization by the rest of the world that its just demands upon her could only be fulfilled if commercial doors were opened to her so that she could earn the sums due to Belgium, France, England and Italy.

Dr. Luigi Luiggi, the famous Italian civil engineer, who represented his government at the International Industrial Conference some years ago, recently emphasized the reiterated fact of what Europe needs from America. He declared that while there was no Bolshevism in Italy, there was urgent need of credit for food, fertilizers, lumber, iron, coal and fuel oil.

"Let an American commission select from among our products such articles as we can export to you and contract to buy a stipulated quantity of them from us; this will give us a certain amount of credit. Let America extend to us a



long credit for the balance of what we must buy here, charging us low interest and agreeing to accept payment at the rate of exchange prevailing when payment shall become due.

"As security for this large debt and long credit, we will give you what guarantee you like, either on our banks or group of banks, or industrial plants, and if need be we could even offer you a blanket mortgage on our art treasures. We have enough of these to make the security gilt edged, I fancy! If you should have to foreclose — which is unimaginable — an auction sale of the contents of the Uffizi Gallery in Florence ought to bring in enough money to wipe out a very large part of our debt.

"By extending payments over five, ten or even twenty years, interest and principal in annual instalments, you will lose nothing, for we shall have no difficulty in raising the money for interest and amortization. In the meantime we shall be developing our vast agricultural resources; our great and readily accessible water power will be harnessed to the production of electricity and, if we receive the needed raw materials, our industries will be on their feet.

"Bolshevism is the fruit of hunger and distress. We in Italy are accustomed to rationing; our people can do with very little food, as you who shared their hardships during the war must know. If we cannot get what we need from America, we shall draw in our belts still tighter, grit our teeth and set ourselves bravely to the task of developing our own resources without help from others. I am confident that we shall succeed. It will take time, perhaps many years, but in the long run I feel sure we shall succeed. We have great resources of certain kinds, the most important of which is man power. All Europe already needs this sorely; perhaps America may also come to realize that it needs it. It is a great source of wealth. With it and our strong will

to win we can struggle through the difficult years that are ahead of us; but if you will help us in some such way as I suggest, the recovery will be rapid. I believe I can say that we shall be entirely recovered inside of two years, with your assistance. Without this, it may take ten. But there is the possibility that the distress may become too severe to bear. There is a limit to human endurance. In that case Italy might be in danger of not being able to resist Bolshevism.

"And if Italy goes Bolshevik, France will quickly follow. And Great Britain will not be far behind. A Bolshevik Europe means a Europe of Anarchy, repudiation of debts, depreciation of currency, collapse of credits. America will have no market in a Bolshevik Europe."

As in England, while there is an abundance of difficult matters to work out (the railroads, taxation, high prices and profiteering and a dozen other problems of the first order — after deciding our relations to the rest of the world under the League of Nations) — the dominating question is that of Labor.

There has been plenty of evidence that the radical and disordered ideas so alien to our traditions have made a final bid for acceptance among labor extremists, sometimes giddy with the successes of past conflicts, and finding some soil in the distress caused by the shrinkage of the dollar's purchasing power.

But no real American doubts that we shall reach an adjustment fair to all; that we shall realize this people is the true "One Big Union," and that as M. Schneider, the "steel king" of France, points out, what is mainly needed

here is a systematic Americanization of our still unassimilated peoples.

With more universal understanding of the ideals towards which we have at least been striving for nearly a century and a half, and with a frank meeting and discussion between Capital, Labor, Management and the Public, there must come that united effort which will make the progress of the next decade far surpass even that of the amazing first years of the twentieth century.

## II

# UNREST AS A WORLD PROBLEM <sup>1</sup>

WOODROW WILSON

We are face to face with a great industrial problem which does not center in the United States. It centers elsewhere, but which we share with the other countries of the world. That is the relation between capital and labor, between those who employ and those who are employed, and we might as well sit up straight and look facts in the face, gentlemen. The laboring men of the world are not satisfied with their relations with their employers. Of course, I do not mean to say that there is universal dissatisfaction, because here, there, and elsewhere, in many cases fortunately, there are very satisfactory relations, but I am now speaking of the general relationship which exists between capital and labor. Everywhere there is dissatisfaction, with it much more acute on the other side of the water than on this side, and one of the things that have to be brought about for mankind can be brought about by what we do in this country, because, as a matter of fact, if I may refer for

<sup>1</sup> Address before the State Legislature at St. Paul, Minnesota, September 9, 1919.

a moment to the treaty of peace, there is a part of that treaty which sets up an international method of consultation about the conditions of labor. It is a splendid instrument locked up in that great document. I have called it frequently the Magna Charta of labor, for it is that, and the standards set up, for standards are stated, are the standards of American labor so far as they could be adopted in a general conference. The point I wish to make is that the world is looking to America to set the standards with regard to the conditions of labor and the relations between labor and capital, and it is looking to us because we have been more progressive than other nations in those matters, though sometimes we have moved very slowly and with undue caution. As a result of our progressiveness the ruling influences among our working men are conservative in the sense that they see that it is not in the interest of labor to break up civilization, and progressive in the sense that they see that a constructive program has to be adopted. By a progressive I do not mean a man who is ready to move, but a man who knows where he is going when he moves. A man who has got a workable program is the only progressive, because if you have not got a workable program you can not make it good and you can not progress. Very well, then, we have got to have a constructive program with regard to labor, and the minute we get it we will relieve the strain all over the world, because the world will accept our standards and follow our example. I am not dogmatic

about this matter. I can not presume that I know how it ought to be done. I know the principle upon which it ought to be done. The principle is that the interests of capital and the interests of labor are not different but the same, and men of business sense ought to know how to work out an organization which will express that identity of interest. Where there is identity of interest there must be community of interest. You can not any longer regard labor as a commodity. You have got to regard it as a means of association, the association of physical skill and physical vigor with the enterprise which is managed by those who represent capital; and when you do, the production of the world is going to go forward by leaps and bounds.

Why is it that labor organizations jealously limit the amount of work that their men can do? Because they are driving hard bargains with you; they do not feel that they are your partners at all, and so long as labor and capital are antagonistic production is going to be at its minimum. Just so soon as they are sympathetic and co-operative it is going to abound, and that will be one of the means of bringing down the cost of living. In other words, my fellow citizens, we can do something, we can do a great deal, along the lines of your governor's recommendation and along the lines that I took the liberty of recommending to the Congress of the United States, but we must remember that we are only beginning the push, that we are only learning the job, and that its ramifications extend into all the relation-

ships of international credit and international industry. We ought to give our thought to this, gentlemen: America, though we do not like to admit it, has been very provincial in regard to the world's business. When we had to engage in banking transactions outside the United States we generally did it through English bankers, or more often, through German bankers. You did not find American banks in Shanghai and Calcutta and all around the circle of the world. You found every other bank there; you found French banks and English banks and German banks and Swedish banks. You did not find American banks. American bankers have not, as a rule, handled international exchange, and here all of a sudden, as if by the turn of the hand, because of the sweeping winds of this war which have destroyed so many things, we are called upon to handle the bulk of international exchange. We have got to learn it, and we have got to learn it fast. We have got to have American instrumentalities in every part of the world if American money is going to rehabilitate the world, as American money must.

If you say, "Why should we rehabilitate the world?" I will not suggest any altruistic motive; but if you want to trade you have got to have somebody to trade with. If you want to carry your business to the ends of the world, there must be business at the ends of the world to tie it with. And if the business of the world lags your industries lag and your prosperity lags. We have no choice but to be the

servants of the world if we would be our own servants. I do not like to put it on that ground because that is not the American ground. America is ready to help the world, whether it benefits her or not. She did not come into the world, she was not created by the great men who set her government up, in order to make money out of the rest of mankind. She was set up in order to rehabilitate the rest of mankind and the dollar of American money spent to free those who have been enslaved is worth more than a million dollars put in any American pocket.

It is in this impersonal way that I am trying to illustrate to you how the problem that we are facing in the high cost of living is the end and the beginning and a portion of a world problem, and the great difficulty, just now, my fellow citizens, is in getting some minds adjusted to the world. One of the difficulties that are being encountered about the treaty and the league of nations, if I may be permitted to say so, and perhaps I can say so the more freely here because I do not think this difficulty exists in the mind of either Senator from this State — the difficulty is, not prejudice so much but that thing which is so common and so inconvenient — just downright ignorance. Ignorance, I mean, of the state of the world and of America's relation to the state of the world. We cannot change that relation. It is a fact. It is a fact bigger than anybody of us, and one of the advantages that the United States has it ought not to forfeit; it is made up out of all of the thinking



peoples of the world. We do not draw our blood from any one source; we do not draw our principles from any one nation; we are made up out of all the sturdy stocks of the round world. We have gotten uneasy because some kinds of stocks tried to come in; but the bulk remains the same; we are made up out of the hard-headed, hard-fisted, practical and yet idealistic, and forward-looking peoples of the world, and we of all people ought to have an international understanding, an ability to comprehend what the problem of the world is and what part we ought to play in that problem. We have got to play a part, and we can play it either as members of the board of directors or as outside speculators. We can play it inside or on the curb, and you know how inconvenient it is to play it on the curb.

### III

## THE UNIVERSAL ISSUE <sup>1</sup>

WILLIAM H. TAFT

The war has left the world, after it has saved itself from Germany, where it must save itself from itself. The reaction from the repression of the peoples of all Europe for forty years under the burden of war preparedness, the horrible destruction of the war, the desperate economic condition of the countries within the field of war, the fantastic dreams of a social millennium, the relaxing of all discipline and restraint, have produced a condition the world over impairing the supremacy of lawful authority.

This threatens every country and already has overwhelmed some in anarchy and confusion. Unless the world is organized again into government the state of the Thirty Years' War is to be repeated and the misery and catastrophe will be greater than any which this colossal war itself entailed.

Japan is in ferment over the issue of the militaristic and peace policies. The Prussian spirit prevails in its military party, while there is a strong and for the time being, a prevailing tendency toward popular control, civil administration and the ambitions of peace.

<sup>1</sup> From press report of Ex-President Taft's address on Theodore Roosevelt, at New Haven, October 26, 1919.

China is in a state of ebullition, divided into a northern and southern state engaged in war against each other, with large armies. The return of the million or more men to India from the war has given the national idea to India. Asia Minor, Palestine, Anatolia, Armenia, the Caucasus are in upheaval. Armies, banditti, plunderings, murder, anarchy are everywhere. Little, if any, stabilizing influence after the war has manifested itself and the old racial hatreds, with their bloody consequences, break out wherever opportunity offers. Russia is in a state of civil war. The Bolshevik rule is coming to an end, let us hope.

In all the European countries it is touch and go whether the present social order or revolution like that of Russia is to succeed. If the latter, it means the breaking down of all the guaranties and restraints of civil and individual liberty which good men have labored for so many centuries to establish. The issue with all these countries is: Can the tyranny of the mob and of the soviet be escaped?

In the United States we have like problems. Our conservative forces here are stronger than anywhere. We have not suffered as other countries have from the war. We still have deeply imbedded in the souls of our people the traditions of our forefathers and the principles of constitutional liberty, but he would be optimistic indeed who did not see in our present situation symptoms of a dangerous tendency.

It is in this juncture that the living influence of Theodore

Roosevelt and his robust and triumphant Americanism can do much for our country and righteousness. The war has impressed the laboring group of every country with a sense of its power, with the indispensable nature of its service to the public and with the possibility of using this as a leverage to exact from other groups and the whole public any demands which it chooses to make.

Trades unions we have and have had for some time. Trades unions have been useful in securing better terms for labor, in protecting labor interests by legislation. The movement of which I speak, however, is not for a union in trade, but it is for one big political union which is to formulate and enforce political as well as economic demands.

It is proposed to put the whole country under a duress<sup>1</sup> of threatened starvation, freezing and complete paralysis of business, industry to secure a complete readjustment of social conditions, a redivision or annihilation of property, a taking over by the state of all industries and a subjection of the large majority of the people to the labor soviet.

The trade unions today and the American Federation of Labor have two parts in them, one the regular trades union men, supporting the present social order, uniting for economic purposes to sell their labor on the best terms they can properly secure, making contracts where they may, and fulfilling them to the best of their ability. The other ele-

<sup>1</sup> The reference is to the coal strike of November 1, which was called off November 10. *Editor.*

ment is the radical, Red element, an element that looks with favor on Bolshevism and extreme socialism, and that would make the trade union movement in this country a means of compelling a change in our form of government.

Many engaged in strikes to-day will indignantly deny any such purpose, and will insist that they are loyal Americans and legitimately seeking to better terms of labor. Yet these same groups when restrained in their purpose and yielding to lawless methods, will lapse into a common cause with the radicals.

We must resist this attempt to take the country by the throat and by a highwayman's method to force political and unreasonable economic concessions. Of course we all hope that those sinister tendencies may be curbed before they may become united into one explosion, but these are the dangers that we face.

Now, what is the remedy? What can overcome their seditious hopes and plans? Only the high spirit of Americanism. This is the understanding of the peculiar merit and value of our institutions, the instinctive allegiance to our country and our country's government, the determination to have law and order under the Constitution, the willingness to sacrifice all in the maintenance of this home of our fathers, this home we love, and in the retention of all those elements that make this our community the model Christian civilization of the world.

# IV

## THE MATTER WITH THE WORLD <sup>1</sup>

GERALD STANLEY LEE

I can only speak for one, but what I get out of reading my papers lately, morning after morning, boils down to three beliefs:

I. The gist of what is the matter with the world at the present moment — each new thing one hears of every morning — is that there is a universal revolt in all classes of society against leadership.

II. Because many leaders — and very well advertised ones — have proved unworthy, all leaders are being put in a lump and the very idea of leadership is being brushed one side wholesale, as not necessary in a democracy.

III. The quick and overwhelming way to save the idea of leadership for democracy and the world is to single out and set one side where no man can miss seeing them in action, the leaders who are true leaders, those who have the most creative imagination about other people and about getting things for other people better than they can get them themselves.

<sup>1</sup> From a personal letter to the editor about The Fifty Club



## V

# A FRENCHMAN'S OUTLOOK ON AMERICAN INDUSTRY

CHARLES CESTRE <sup>1</sup>

When I left America, in October, after a four months' *voyage d'études* throughout the country, the Boston policemen's strike was reluctantly dragging to an end, the steel strike was raging on to the grand orchestra accompaniment

<sup>1</sup> Professor Charles Cestre is a representative of the best in French and American scholarship. Twenty years ago he took his Master's Degree in English at Harvard. For years he taught English and American literature and civilization at the University of Bordeaux, and wrote books that promoted better understanding between France, England, and America. He was Exchange Professor at Harvard in 1917-18, and lectured in many other American institutions. No one was more influential in making public opinion on both sides of the ocean for closer educational relationships between America and France and in starting the movement to bring French young women to study in our colleges and universities. In 1918 he was called to the newly established chair of American civilization and culture at the Sorbonne and also lectured on the Hyde Foundation at the sixteen other French Universities. In 1919 he travelled again throughout America studying industrial conditions of which in this chapter for the first time he gives some of his impressions with a pen as sure and graceful and an adequate mental background which not even de Tocqueville had. The University of California recently both gave him the honorary degree of LL.D. and elected him lecturer at its summer session of 1919. *Editor.*



of bomb outrages and cavalry charges, the strike of the building trades seemed to be crystallizing to a fixture, the pressmen and pressfeeders had just walked out, our steamer had to be loaded by her crew because of a strike of the 'long-shoremen, and about a dozen other trades were tied up in various places. But I bade good-bye to New York with pretty sure confidence that those labor troubles were essentially surface agitations, and that America, the America I have known and trusted for twenty years, would soon emerge out of the temporary welter, whole, composed, self-reconciled more fit than ever to play her part in the evolution of the modern world.

My hopeful expectation is based upon a careful study of industrial conditions in America and an enquiry into the efforts made and the means taken by the more thoughtful, far-seeing and enterprising manufacturers to meet the demands of the hour, reverse the maladjustments of the past and prepare the developments of the future. I have conversed as well with workingmen and workingmen's leaders enough to ascertain that the more intelligent among them, and the more prompt to perceive the signs of the time, begin to realize there is a new spirit abroad that calls for constructive policy on their part and entails duties as the necessary consequence of rights. To my admiring surprise, I seemed to detect, in the ruffled stream of American life, nascent steady currents of social reform, that intimate the greatest change history has recorded since the establishment

of the factory system, namely the rise, in the country richest in material resources, of forces which bid fair to instore the greatest wealth of all, the wealth of human values. The whole world is preparing for a similar change, as the outcome of a century of humane and Christian endeavor in the circles where the full results of heartless economic competition appeared in their ghastly horror. What if America, buffeting her way through all obstacles, were to rise in the field of moral and social action as the pioneer-nation, thus continuing the work she did in the conquest of the wilderness? The world cannot afford to stand indifferent.

In the accomplishment of this reform, America will be indebted to currents of thought from the Old World. In England, Carlyle, Ruskin and more recent schools of philosophical and Christian socialists denounced the ruthless disregard by captains of industry of the sanctity of human life. In France, thinkers like St.-Simon, Fourier, Proudhon, Jaurés launched forward the nations of "justice," of "service," of "work accomplished in joy," of "cooperation," of "solidarity." They have founded a social doctrine, resting not, like Marxian socialism, on the fierce imperialism of material greed and on the false scientism of spurious economics but on the sacredness of the individual and on the right for all to reach autonomy and the full development of their personality. England and France have passed labor laws that protect the workers from the worst evils of the factory system. But state legislation, however beneficial (and

indispensable), changes the institutions without changing the feelings. It is a far cry from justice inscribed at the frontispiece of the code to humanity engraven in the hearts. The relations between employers and employees are still far from what they ought to be in England and in France. Autocratic individualism is still too often the attitude of the employers, and, in reaction to this uncompromisingness, radical socialism, the doctrine of total subversion, the frenzy of class-struggle is still too often the attitude of the workingman. America has always had less of either folly. Of late, although she is still far from cured of all injustice or all unrest, she has taken, or rather her enlightened citizens have taken, important steps which bring her nearer, perhaps, than any other country to the removal of the social distemper, plague and shame of modern times.

America — the New World — has developed a daring spirit, as well in the realm of moral and social improvement as in the field of enterprise. America is not hampered by clogging traditions or die-hard prejudices. She has been so constantly favored by exceptional circumstances, and has so steadily turned them to account by her skill and energy, that she is entitled to look forward with confidence to a future of successful undertaking. As a democracy, she associates *all* her children in her achievements and her hopes. Indeed, she is the only true democracy, that is the only country where equality has more than a political meaning and has begun partially to rule the feelings and timidly to creep into the

domain of facts. To this democratic spirit I attribute, in part, the social advance that America has already made ahead of the rest of the world. Another precious trait of hers is her genius for organization, her rare ability to apply scientific knowledge to the activities of practical life. Lastly, I shall mention her imagination, of such quality that it unites boldness and generosity of vision with a keen and sure sense of actual results. Of all nations, America (if we except the reactionary element and the radical faction, of which she cannot be wholly free) stands for integral democracy, well regulated progress, humanity combined with sound business administration, the square deal harmonized with square profits, in virtue of that doctrine of hers, the very life-spring of her excellences, which I should call *the idealism of action*.

America has outgrown the economic superstitions of the Old World enough already to regard with disapproval, on the employers' side, the autocratic mastership of industry, and, on the employees' side, the Marxian fallacy of class-struggle. Saying so much is not exaggerating facts, if one judges the recent strikes (as they are) for the last spasmodic outbursts of the old obstinacy and pugnacity (on both sides), that cannot die out without a final hand-to-hand scuffle. The progressive spirit, on the other hand, has manifested itself in so many places, assumed so rich and promising forms, and, within a short time, gathered so much momentum, as to justify in all sane reason the most promising hopes.

When I started from France I knew that the American workman received higher wages, enjoyed a broader scope of life, had secured greater physical and mental comforts, than the European worker. Indeed I had heard and read so much about the transformation of the environment and of the living conditions of the laborers, that I purposed especially to investigate safety, housing and welfare-work. But I had scarcely begun my enquiry when I discovered that welfare-work was almost a thing taken for granted, actually a thing which the worker hardly cared to receive unless it should be part of the regular equipment of the plant and should not be tendered to him as an especial mark of benevolence.

I realized that the reform of the industrial régime in America had proceeded far beyond the stage of material amelioration towards the *humanization* of industry, had out-reached the effort at outward betterment to strain — already with considerable success — at *inward* progress. The former movement (valuable, in itself and for its possibilities) dwindled in importance beside the latter movement that tended to free from bondage the deeper forces of human nature, to release the hidden energies of the soul, and, as a consequence, to strike loose the pregnant and permanent sources of creative power and of happiness.

I went about visiting factories and questioning men eager to learn how far the new principle was understood, how fully carried out. Indeed, I came across employers who had not so much as awaked to the idea, and workers who stuck

so narrowly to old prejudices as to distrust the idea. But I also met employers thrilled with the consciousness of the new duty, and workingmen already embracing the full width of the new horizon opened to their ken.

The movement was well on, and, on the whole, proceeding along the line of the most enlightened social idealism, while sanely keeping pace with the best methods of profitable business. The significance of it was that it grew from private initiative and developed on the strength of personal conviction. It was not imposed from above by a party temporarily possessed of the instrumentality of government; it was not reluctantly carried out in grudging submission to decreed statute and law. It grew out of voluntary reasoned acceptance of a new truth, out of a sincere, active conversion to a new humane sympathy, out of a faith in the triumph of justice, sanity, mutual respect and cooperative action. America, approaching the solution of the social problem after the method in which she had always been supreme, remained true to *individualism*, but individualism touched to nobler issues by the facts of recent history, vitalized by disinterestedness, humanized by a new sense of solidarity.

The Americans have always been intensely capable of enthusiasm, and, at the same time, sanely able to control the heat of their feelings. In the present case, I have found them realizing the full human import of the reform, but resolved as well to justify it by its practical and tangible results. To fit the man to the job and adapt the job to the

man, to restore in the workman's consciousness the pride and the joy of work well done and of a fair day's work, to diminish the fatigue and to increase the output, to reward every effort at quantity or quality by praise and a raise of the wage, to enlarge the workman's outlook on his work and on life — all this implies the growth of the human faculties in the worker, along with the growth of the profits, both a moral gain for the individuals and for the nation, and a material gain in which employers, employees and the public alike will share. Idealism of action! Achievements that are of the matter and of the spirit, as they ought to be in a universe which is body and soul. Industry cannot fail to conform to the general law of dualism that regulates the destiny of man and conditions man's mastery over the forces of nature. In this conformity truth lies.

Not all the employers have seen the light, nor the employees proved capable of profiting by it. All great social changes are of slow growth. But the war has kneaded the minds of men to unusual pliability, and made the feelings of men receptive to novelties, in the desire to ward off from the inner life of the nation the blindness and folly that wrought such havoc in the outward relation of peoples. There is hardly a sensible observer of social conditions but realizes how conscious the labor world has become of its power as one of the agencies contributing to the wealth of the nation. The masses will not be satisfied now unless political democracy develops into social democracy, and includes some form

of industrial democracy. The workers will not receive the essential prerogatives of the new freedom from the paternalism of some well-intentioned employers. They claim a new status, which must be based upon the decided recognition of their right as producers, as intelligent and sentient beings, and as autonomous persons.

The reform-movement, initiated before the war, has received an increased impetus from the abnormal conditions of war-time. The government of the United States, as war-time employer, made itself opportunely instrumental in bringing about a spirit of conciliation and cooperation, and in shaping some of the policies and institutions that might embody it in facts, yet without resorting to the irrevocable compulsion of law. Example and suggestion came from the government plants, giving force to the most fruitful principles and the most constructive plans of industrial reform, still leaving to *individual* initiative its spontaneity and strength of inner motive.

Devotion to the cause manifests itself in active propaganda, setting forth not only doctrinal truth, but the highly satisfactory results already secured by its applications. The moment is favorable to the onrush of one of those great fertilizing floods of ideas, that at long intervals sweep the country. A vague unrest in the national atmosphere asserts its latent pressure on the minds; notions that have been slowly ripening in the womb of time are nearing fruition. The path is cleared, far-sighted men are leading onward. A timely re-



form, voluntarily arrived at, will enable America to tide over the crisis by an *evolutionary* process, keeping off and forestalling revolution.

Capitalists already declare their conviction that the time is past when large fortunes could be built in a short time by fair or foul means. Public control will more and more be set up against it. Labor will not allow it. The new social justice has impressed capital and management with a sense of responsibility towards others.

✦ Labor is no longer looked upon as a commodity, submitted to the iron law of supply and demand. A fair wage, covering not only the bare necessities of life but a margin for education, recreation, the bringing up of a family, the mental growth of the individual and his dependents, is the least that the workman can receive. Growing rich out of starvation-wages appears now as a crime. The only legitimate way of building a prosperous industry is by improving the machinery and the management, eliminating the waste, and serving the interests of the consumers as well as the producers! Manufacturing will thrive on high wages and low sale-prices, provided it has the proper leading ability.

The workingman is no longer treated as a piece of machinery, only less to be cared for as steel or brass, because it repairs itself. A new respect for the man in the workman has set in. That plague of industry, the unfeeling, unjust, hectoring foreman, is replaced by the labor-manager and his assistants, trained to deal with men, mindful of the feelings

of their fellow-beings, self-appointed guardians of the higher motives of human actions, and besides having lived among the workers in order to sympathize fully with their needs, their views and their desires. The relations of the executives with the workers are those of men to men, implying consideration, courtesy, solicitude, the wish to understand, the will to be just.

Hiring the workman has become a delicate task, tactfully and thoughtfully performed. The greatest care is taken to assign the man to the job for which he is fitted by his physical constitution, his aptitudes, his previous training. Every precaution is taken, from the very start, to give him all means to make good and all reasons to be satisfied. Instead of being put brutally to work and left to shift for himself, sink or swim, he is gradually broken in, shown the characteristics of his machine and the peculiarities of his work, kindly supervised, warned or directed by an instructor, who no longer drives but teaches. The green hand, the while, receives his pay — the minimum living-wage below which the firm makes it a point not to let the remuneration fall.

The workman is started now, and begins doing piece-work; not the old piece-work, the rate of which was arbitrarily set and too often "cut" as soon as the worker was beginning to make a decent day-wage; but the new piece-work, with a handsome bonus above the standard, whenever the man makes an effort to acquire skill or to gain time. The standard is established by scientific time-studies, with

the collaboration of the workmen, and finally approved by the workmen. The bonus-rate is fixed *ne varietur*, should even (in case an error had been committed) the day-wage rise to an unprecedented figure. Indeed, the new spirit thus created has often improved the tone of mutual relations to the point that workers were seen to come, of their own accord, to the manager and tell him that the rate had been fixed too high.

The workman is followed up; his doings from day to day are carefully recorded — not with any intention of suspicion, but out of solicitude, in order to do him full justice. He is expected, within the first two or three weeks, as he gets more and more used to his work, to do better, both to the advantage of the firm and to his own, his share of surplus-wage being strictly proportionate to the surplus-output. If he has not increased his production or improved the quality of his product, after a reasonable delay, he is not blamed, or bullied, or left to rot in mediocrity, or summarily dismissed (which were the only alternatives of old), but the management consider themselves as responsible for his lesser efficiency, until they have exhausted all the means of remedying it. Either the man was insufficiently taught, or there was something wrong in the machinery, or in the planning of the work, or in the materials. After all the causes have been investigated, if it is proved the fault lies with the man he is not fired, but transferred to another department, where he may be better able to give the full measure of his quality.

If the workman, during the first weeks, brings out a record of steady improvement, the management far from ignoring it or taking it as a matter of course, forestalls the desires of the worker by promoting him to a better job or a higher pay. The promotion is not granted mechanically by the shifting of the man's name from one list to another, or the slipping of a ticket in his pay-envelope; he is called up by the boss, in all simplicity and cordiality, and praised for his zeal, while the reward is announced to him.

† The human factor is now foremost. The appeal to the higher motives becomes the chief object of attention. The workman is no longer riveted to his machine, like the convict to his chain, with that most oppressive of burdens weighing on him, the lack of any opening on a better future, the stifling sense of a confined atmosphere that will never admit of a breath of purer air. Now, the workman has a prospect before him, that will expand wider, fairer, more rich with opportunities, as he exerts himself more strenuously. Many plants have established schools and training shops, where technical instruction is given, free of charge, with the wage paid during school-hours, to the men who have the capacity and the will to learn. In those plants, the highly skilled workers, the draftsmen, the foremen, even when occasion offers an engineer, a superintendent or a manager, are recruited from the working force. More and more, modern industrialists realize that money and material welfare are not the one and all of life for the workingman any more

than for the *bourgeois*. A century of liberty, of education, of constant social progress under democratic laws has brought forth the fact that a man's personality remains cramped and stunted, unless it can reach its full development in the mental and moral sphere, as well as in the physical. Give all a chance to attain man's full stature, recognize to all the right to self-expression — such is the watchword that cannot be silenced again by any clamor of selfish gain, unfeeling greed, or would be irrefragable economic law.

Worthy efforts are made to appeal to the worker's intelligence. Through an appropriate system of noon-and-evening-classes, illustrated with lantern-slides or moving pictures, he is given accurate, wide, living information about the industry in which he is employed. He becomes familiar with the whole process of manufacturing, from the extraction of the raw materials to the disposing of the finished product. Side-lights on the history of industry, on the invention of the mechanical contrivances and labor-saving devices, on the achievements of the explorers and pioneers enable him to connect his own minute work with the huge labor of man to harness the forces of nature and triumph over the limitations of his own native weakness. Other lessons, or instructive talks at the factory-club, or educational meetings with the help of the University Extension in some cases provide for the general cultivation of the worker's mind, and relieve him, at his leisure hours, from the monotony of his work, by opening to him an outlook on the wider interests of intellectual and

social life. His mind sets in motion; he thinks about his work, about the organization of the factory or the management of the business; he is encouraged to offer suggestions that are rewarded by premiums. He is raised above the deadening routine of mechanical motion, to the level of a thinking, intellectually active, self-determined agent. He has made one more stride towards the fuller possession of his personality.

Sticklers to the old régime will try to conceal their selfish aims behind the plea that the workers are not educated enough to profit by such mental and moral advantages. The fact is that, where the reform has been applied, with the proper gradations, in the fullness of its disinterested, humane spirit, while a thorough understanding of the most scientific and fruitful industrial methods prevails in the management, it has reaped entire success. There is a dynamic as well as a static system of education: calling man to man's estate and arousing in him the springs of spiritual energy will draw him out of his nonage quicker and more surely than the negative discipline of compression, irresponsibility and relentless drudgery. Goodwill, sincerity, fairness, a resolute application of the square deal, a frank recognition of the closely connected, mutual interests of capital and labor, have wonderfully cleared the horizon, improved the feelings, and inclined the workers' attitude towards careful work and increased output.

The next step has been to give labor a share in the manage-

ment, at first in advisory, and then, to some extent, in a controlling capacity. Shop regulations, labor conditions, mental and physical welfare, industrial relations, even hours, wages, profit-sharing and the broader policies of management are brought under discussion in joint committees of employers and employed. Shop-committees (as they are called) have made so rapid progress that they may be considered as one of the most promising features of the new régime of industry. Arbitration is but a makeshift, in so far as it comes into action only after a conflict has broken out and embittered feelings have already risen. Of greater import is a permanent board, which takes up litigious questions as they dawn, before unpleasant encounters have bred irreparable enmity. Broad lines of agreement on vital points forestall serious clashes; friendly discussions from week to week constantly readjust the workaday practice. Provided the spirit in which the joint meetings are conducted answer to the new conception of social interaid and willing cooperation, the results cannot fail to be mutually educative, conducive as well to industrial peace as to enlarged production. Here is the true field for the full expansion of man's personality; here is the *locus* where the consummation of material and mental advancement will be effected! Industrial democracy, indeed! but without some of the drawbacks of political democracy, and with some of its more beneficent features: a strong executive invested with both authority and responsibility, and a respected legislative, elected on the basis of professional com-

petence, with the power of counsel and control, in a sphere of limited attributions (perhaps soon to enlarge) and with the charge of keeping discipline, loyalty and truthfulness to the worker's duty.

The trade-unions have not yet fully realized the great, noble possibilities of the new régime. They were formed at a time when warfare raged through the world of industry and capital was not disposed to let go any particle of its autocratic sway. Their regulations, many of which are tyrannical, uneconomic and anti-social, were aggressive or defensive measures, called forth by the needs of the struggle. Yet American trade-unionism firmly took its stand on the ground of professional claims, closing its ears to the suggestions of socialistic revolutionary doctrines, sounded from abroad. The present wave of radicalism is but the turbid back-water of the bolshevist tide, a sorry aftermath of the moral disintegration wrought by the war. It will not have a lasting influence on America — nor, as we can see now, on Western Europe. Radicalism will subside. The narrow, clogging, merely negative prejudices of the older trade-unionism, on the other hand, will wear away in time. Already there are signs of a change. Union-men, in the open shops that have instituted joint committees, have been elected as the representatives of the workers, and, face to face with facts and responsibilities, have adapted the constructive policy of cooperation with capital. A few unions have become reconciled to scientific management, in view of its incontestably



advantageous results. Some trades have organized after new principles that bring them nearer to the progressive employers than to the retrogressive old-time unions. It is not rash to foresee, in the near future, the triumph of the joint committees of employers and employed, formed not against but in cooperation with the renovated trade-unions. An opportune inner regeneration of the A. F. of L. may then maintain it as the great unifying organ of the general policies of labor, no longer to restrict output and level down capacities, but to further larger production, with an equal share of the profits for all, in the full exercise of the creative energies of all.

Enlightened capital and regenerated labor will work harmoniously in the spirit of the greatest economy of material and of human resources, mindful of the ideal of *service*, which the public will further by a better understanding of the aims of industry and the government support by appropriate legislation.

It is no Utopia to picture such future realizations in America, in the light of the progressive institutions already in existence, and in presence of the successful efforts at humane reform combined with intelligent business, under the ægis of the "idealism of action."

The American approach to a solution of the social problem bids fair to realize all that socialism can claim of justice, and yet save from destruction *individual* independence and the incentives to *individual* exertion and creativeness. There

is no place to-day for anarchic individualism, which let loose potent forces, but allowed them to work for exclusively selfish purposes. America, turning to account ideas that are in the air the world over, but working them out with peculiar steadiness and felicity, guided by that pragmatic genius which is her supreme gift, is about to inaugurate, in the field of industrial action, *organic individualism*, with the same volume of energy, inventiveness, initiative, sustained diligence and care, efficiency and daring, as characterized her activity in the past, but marshalling those forces for the social good, according to the new ideal of solidarity, fairness, service, just participation of all in the material and spiritual boons, which human society, if she means anything, ought to secure to all those who give her their toil of hand or brain, their allegiance and their love.



## VI

# A CLEAR CALL TO INDUSTRIAL IMPROVEMENT <sup>1</sup>

CHARLES H. BRENT

No decent man cares to pretend that the existing industrial situation is satisfactory. There is nothing more encouraging than to read such documents as the Interim Report of the European Commission of the National Industrial Conference Board (July, 1919), or that of the Employers' Industrial Commission of the United States Department of Labor on British Labor Problems (March, 1919), in that both represent an honest and, I think, successful and sympathetic effort to secure the workman's viewpoint. Both reports find two sections of industrial thought — those workmen who believe that the present industrial system can and should be improved and those whose "ultimate object is the control of industry, nationalization, and a dominance over the State"; those who would promote co-operative relations with the employer and those "who look askance at collective bargaining and organizations of labor

<sup>1</sup> From sermon preached at Opening Service of the General Convention of The Protestant Episcopal Church at Detroit, October 8, 1919, by the Bishop of Western New York.

and capital," and who "freely express the view that they do not wish harmony between employees and employers, since harmony would help to continue the present system of society." The final test of what should or should not be is justice, honor, freedom, and the promotion of the commonwealth. When both sides accept the principle of partnership, which is the business aspect of brotherhood, the rest of the road will be smooth. Upon this it is the Church's duty to insist. She can do nothing else if she holds to the example and teaching of her Master. The best means of embodying the principle in practical affairs is a matter of experiment. It is not necessarily revolutionary to talk about the democratizing of industry. It is logical if we believe in our government and constitution. Political democracy we practise in manhood and womanhood franchise; educational democracy in the public schools; religious democracy in religious freedom; a satisfactory expression of industrial democracy remains to be worked out. Not the least important articles in the Treaty of Peace are two quoted with approval in the Interim Report.

"1. In right and in fact the labor of a human being should not be treated as merchandise or an article of commerce.

"4. Every worker has a right to a wage adequate to maintain a reasonable standard of life having regard to the civilization of his time and country."

The first recalls Kant's insistence on never treating human nature as a thing, which in turn recalls our Lord's

demand that we recognize and treat every human being as a second self. The Kingdom of God stands behind all national and industrial systems, including democracy itself, and brotherhood is its watchword. The workman of today asks for that. It is his whole, though sometimes inarticulate or badly expressed, demand. It begins in personal touch. I for my part cannot see why conference should ever be refused. The greater our conviction that we are right, the greater our readiness to submit our case to any test that challenges it. Conference can be made the justification of the cause which is in the right where it does not prove to be a court of conciliation. "It was apparent," again to quote the Industrial Commission's Report, "that the workman thinks quite as much of considerate treatment as of wages, and almost universally the idea was voiced that he is regarded by his employer merely as a 'hand' or a number. He feels entitled to consideration and courtesy, and very much desires closer touch and sympathy on the part of the employer. In fact, this phase of the question was usually emphasized by the workman. The little things count, and their neglect magnifies them." All this is fair, as is the claim for settling the problem by the Christian principle of sharing rather than by the ugly opportunism of forced concessions.

We shall have to face the further question as to whether the best course is to uphold and revise our present system, or prepare for the introduction of a new. There would be

nothing extraordinary or contrary to historical precedent if the latter were to prove best, provided that the commonwealth were the aim and the principles of justice, honor, and freedom the agents. Every change of considerable dimensions seems to advocates of the old system dangerous. Yet our country began its great history by breaking away from old loyalties and erecting a new and untried system of government. Standing on the sidelines we demand that no nation shall deal in slaves — yet we once were a slave-owning nation. Today we are advocating for the world fundamental principles of democracy. Yet such a programme forces other nations to change their whole polity and internal management. There can be no a priori objection to advocating a radical change in our industrial system, but we must be sure if we do so that our motive and methods are in accord with the requirements of the Kingdom of God. It is the whole commonwealth that must be considered. We can stand for no class control, call it what you will. Democracy is the control of the whole by the whole. As for those always misguided, sometimes vicious and criminal groups, who in their ignorance and passion hurl themselves upon the existing order to the embarrassment of the commonwealth and to their own hurt, their worst enemies and sure conquerors are those who aim to make the social and industrial order conform in the broad and in detail to Christ's bold purpose of world-wide brotherhood.

“The old order changeth. A new world is in the making.

We cannot return to the pre-war state of affairs"—such are our phrases. But what do we mean by it? Did we expect it to stalk in our midst fully equipped? Did we suppose that some painless turn of the wheel would land us in Elysium? If so let us fling away the flimsy dream. A new world means that we must stand ready to sacrifice cherished traditions and associations and vested interests in order to inaugurate it. Preferences and privileges must go by the board wherever the good of the larger number requires. That part of the old world that most needed improvement was the industrial system. A considerable change at least is on us whether we like it or not. We are all affected by it. We may fight for the continuance of the old, but it will be of no avail.

All things are being made new by a power in the hands of which the individual who combats it will be as the corn of wheat that fights the mill-stone. God is marching on and we must ally ourselves to Him and not sit on our little stool of privilege, and insolently suppose that He is our ally. "Repent ye, for the Kingdom of God is at hand!"





## VII

# THE LABOR PROBLEM OVERSEAS <sup>1</sup>

### THE INTERIM REPORT

One general conclusion appears to be obvious; in a country whose population supplies a surplus of labor the whole industrial situation becomes thereby different from that where the labor supply is short. The former condition is exemplified in Great Britain. In France, however, there is no national surplus of labor, and as a consequence labor makes no opposition to the introduction of labor-saving machinery. Not only is there no fear that it will reduce employment, but it is looked upon as a means of labor less onerous and more agreeable. In addition, there is a sympathetic attitude toward scientific management. The difference which the absence of a surplus of labor produces may partly account for the very interesting announcement in the Programme of the General Federation of Labor (*Confédération Générale du Travail* headed by Léon Jouhaux:

“The formula for the working class should be—a maximum production in the minimum working time for a maximum of wages.

“For the employer,—a maximum development of shop

<sup>1</sup> Pp. 11-19.

equipment to produce a maximum output with a minimum expense of production."

In Italy the surplus of labor produces a situation akin to that of Great Britain and yet very different from it. The Government does not dare to demobilize its army while industry has not yet resumed normal activity. There is much unemployment; strikes are prevalent and radical leaders maintain their power by threats and actual violence.

It was obvious that there was a widespread discontent among the workers in all industries and in all countries. Discontent in itself may not be a sign of danger; on the contrary, it may be a healthy sign of progress morally and materially towards a higher standard. With such an attitude of mind there must be general sympathy. In the present difficult conditions of reconstruction, however, the inevitable discontent has been magnified by a propaganda carried on by extreme elements opposed to the proper conduct of orderly government. The British Minister of Labour, Sir Robert Horne, explained that:

The industrial unrest was due, among many things, mainly to the following causes: the long strain of the war; the nervous effect produced by the extreme industrial efforts of the nation; the disturbance of normal economic life; the rise in the cost of living; and, in a certain measure, an absorption into English thinking of the revolutionary movements of Europe.

The cause undoubtedly having the most practical import

is the high cost of living, due not only to a scarcity produced by the emergencies of war, but to the high rates of wages which have in turn added to the costs of production. In Great Britain, during past decades, British industry gave little or no attention to the drab and distressing conditions of life surrounding the workmen. While commercial supremacy seemed fairly assured, little attention was paid to what the employer sought to have done by way of anticipating the grievances of labor. As a consequence unionism and labor agitation have been growing apace. A fertile soil in which such an agitation could grow, existed even before 1914. After the upheaval of the war the situation naturally furnished opportunity for the work of the extreme radicals. Discontent was fanned into a movement urging a radical modification of the existing capitalistic system and even of the structure of government. Certain socialistic elements propose to satisfy social unrest merely on a materialistic basis; that is, to solve social ills primarily by the offer of larger material rewards. Such a policy does not aim to supply the moral and educational forces necessary to a higher standard of living.

Two different states of mind must be recognized in the labor world of Great Britain. On the one hand, there is the large body of workers imbued with a respect for law and order, and who, while endeavoring to improve their material position, are not influenced by radical appeals to violence or against existing forms of property, and who have a respect

for a lawful government. On the other hand, there has risen a radical, even revolutionary point of view, which threatens not only the peaceful order of society but aims in its extreme form at the domination of the industrial system and the overthrow of orderly government. But radical views have permeated all classes of labor. All these radical views aim at nationalization of essential industries, at "democratic" control of industry, and a "democratic" use of the powers of the State. Moreover, there is probably a common agreement in regard to heavy inheritance taxation and the expropriation of large landed wealth. The great difference of attitude arises in regard to methods of action and to speed in attaining their ends. Some would rely on industrial action alone, that is on a policy of force; some would continue political and industrial action separately; some would use industrial in support of political action. British alliances and federations, however, as explained by labor leaders themselves, claim their organizations will be a means of avoiding violent action. They aim at control over their members so that unauthorized strikes will be impossible. The unauthorized strike, they believe, will be unnecessary. The more radical, however, feel that the rising forces of "democracy" are on their side and that the present capitalistic system is doomed. With some elements employers obviously can expect to make reasonable adjustments if both sides come together. With the radical element it must be at once admitted that even reasonable proposals are not likely to bring

about permanent adjustments, inasmuch as their ultimate object is the control of industry, nationalization and a dominance over the State. No grant of intermediate concessions will stop their ultimate demands.

It is clear that the policy to be adopted by employers must vary with the existence of these different elements in the establishments of the employers. For this reason a method of communication between employers and employees by such machinery as Works Committees may function properly with workers of the less radical class. A machinery by which discussions of grievances may be presented and fully discussed by both sides often removes the possibility of friction and strikes; that is, Works Committees may be of use under these conditions. On the other hand, where the radical elements are reaching out for the control of industry it may happen that unofficial Shop Stewards and their committees are used simply as a means of strengthening their position for further advances. Hence, while such methods of mutual discussion have their advantages, in themselves they are not a complete remedy, since much depends upon the attitude of mind on both sides of the discussion and upon the local conditions surrounding the industry.

The methods of trade unionism may be described in general as those of collective bargaining, conciliation and arbitration to prevent and settle disputes, a stoppage of industry, or political action. It is significant that the radical element does not care for the more peaceful methods, but is

inclined to the fuller use of the industrial weapon. The industrial unionists seek the abolition of the State and the substitution of a purely industrial society. There exists a well-defined policy based upon force. If organized effort is directed to the use of force, it is clear that it will result only in resistance quite as obstinate by the other elements of society, and no progress is likely to result. If this war has taught us one thing more fully than another, it is that force is a wholly inadequate means to produce a permanent and satisfying result.

Several large federations exist which aim at industrial action, as, for instance, the Triple Alliance, composed of:

- (1) The Coal Miners.
- (2) The Transport Workers, that is, Sailors, Longshoremen, and Drivers.
- (3) The Railwaymen.

In these industries, which are necessary to the daily course of life, the workers are able to threaten the stoppage of the ordinary functions of life in such a city as London for the purpose of gaining their industrial ends. It was the Triple Alliance which brought about the industrial crisis in England in February and March, 1919.

On the other hand, the employers wish to avoid force. In view of the difficult situation produced since the war, it is now obvious that British employers are waking up and searching for methods of establishing better relations between individual employers and their workmen. As Sir Allan

Smith said (February 27, 1919) to the unionists: "You are under an absolute misapprehension as to the attitude of the employers in the present state of difficulty and unrest. Many of the employers are prepared to go very much further in the amelioration of the conditions under which you work than some of you have any idea of."

It was also noted by your Commission that extreme radicalism was confined to a minority, but that this minority was enterprising and noisy. Indeed, starting from a very moderate demand for state interference, on through advanced socialism, there were insensible gradations down to revolutionary Bolshevism. In British unions radicals were striving to wrest control from the more moderate leaders by efforts to get possession of the machinery of Shop Stewards (men chosen to present the claims of laborers) or Shop Committees. There is, therefore, a fear among many employers regarding such committees, arising from a possibility that, when the total labor force has been incorporated into unions, the radicals will gain control of a larger power with which to dominate employers and the Government.

In France the socialistic radicals elected a group of deputies who have a large political influence; but the chief labor organization has officially recognized an economic relation between wages and productive efficiency. The French can, however, be greatly influenced in conduct by ideas rather than by facts. The idea that France must be defended, even though Germany was stronger and better prepared, explains



why she rose to the occasion so marvelously in the last war. There is, therefore, the possibility that in a time of unrest an idea might be used by unscrupulous leaders to arouse the French working classes to a sudden frenzy. In Italy the laborers are not largely unionized; but it is the active radicals who dominate the unions, while the conservative element in case of disputes usually follows the radical leadership.

In general, it was found in Great Britain, France and Italy that a very large percentage of the working classes were opposed to methods of force or to action against law and order. As a consequence, although advanced radicalism is proposing the general strike and nationalization, it may be safely concluded that Bolshevism is not likely to produce serious disturbance in these three countries.

The cost of living in Europe has gone up and wages have had to be raised accordingly; but this set of conditions means a high cost of production, high prices of export goods, less exports and lowered competitive power in foreign markets. It may be that this situation is only temporary; that high costs may fall when shipping is released from war duties, freights fall, materials and food become cheaper. In that case, wages could fall without reducing the purchasing power of wages. Meanwhile the only way out is co-operation between employers and employees in a common effort to increase the efficiency of production. Unfortunately the labor leaders of Great Britain and Italy at least have indicated no such purpose. They are striving for increased unionization

and a greater share in the management, often without reference to efficiency or to the willingness of the public to absorb the product at the higher cost. The imperative need is co-operative action to get larger production at a lower cost.

Contrary to some reports that have come to this country, much evidence was given to us that British employers were not all in favor of complete unionization of their workers. This wrong impression may be due to the action of Governmental agencies in urging the formation of organizations with which the Government could deal. It should be emphasized, however, that there was no general desire on the part of employers to encourage organization of unions. On the contrary, many strongly advised American producers to oppose this tendency. But it was a fact that employers' federations were in constant negotiation with trade unions and had a complete scheme for collective bargaining.

In the hope of bringing about a better state of mind in England, machinery for joint discussion between employers and their employees has been devised. Resort has been had to Shop Committees or Councils, especially in large establishments, as a means of communication between the management and the workers. Undoubtedly a means of bringing together both parties to a difficulty for a frank exchange of views is likely to help in creating a desirable spirit. Regarding methods of improving the conditions of labor it was admitted at once that many employers have been sluggish,

thoughtless, unobserving, and selfish; and that they are largely responsible, by their lack of prevision, for the existing state of discontent. But it is a mistake, according to our view, to suppose that mere machinery for joint discussion is likely to prove a cure-all. Back of these proposals lies the more important fundamental, namely, the spirit and reasonableness of both parties to the discussion. At present, in spite of the existence of a large body of reasonable workers, there appears to be a truculent, bellicose, and threatening attitude on the part of many labor leaders which is not promising. On the other hand, much of the inertia and disregard of the needs of their employees by employers has vanished, and they are willing to go a long way to meet the demands of labor. So far, radicals have only too often regarded a desire by employers to make concessions as a sign of weakness. Their eyes are fixed on the ultimate goal of a reconstruction of society. As already observed, only too often a concession gained does not bring satisfaction, but only a new power to be used in making additional advances. There is needed a more reasonable spirit among labor leaders and a disposition to see the practical difficulties of industry. It may be that this may come about by joint discussions. Yet the acquiescence in new proposals, new legislation, seems only to indicate to radical leaders that nothing is likely to stop their progress.

What gives the British employer pause in regard to encouraging unionization is the fear as to the policy likely to


be adopted by the unions. The new labor demands are not for joint control by labor and capital, but for an actual transference of some of the power of capital to organized labor. The movement to secure this control has arisen from the rank and file of the workers and has expressed itself in what is known as the "shop stewards' movement." They feel that the established unions do not voice their point of view. They have, therefore, chosen to represent them, shop stewards, who have formed works committees and shop committees within the factory, and even workers' committees having jurisdiction over most of the factories in a district. Hence this sort of organization based on the workshop aims at a policy of control. As Mr. Cole says: "A shop steward's movement may have come into being in consequence of some immediate grievance, often of a quite minor character; but every such movement, and indeed every rank and file movement, whatever the form it takes, as soon as it gets down to reflection upon its position, adopts a policy which plans control in the forefront of its demands." Inasmuch as the unions are trying to regularize the shop stewards, there is a fear that the latter may dominate the policy of the unions.

The difficulties of reaching an adjustment by the organs of private negotiations have led to an appeal to law. Labor leaders abroad in the last ten or twenty years have been eager to take advantage of political action. In Great Britain, France and Italy the interference of the State in labor matters has been frequent and extensive. There is, how-

ever, no evidence to show that discontent has been lessened by legislation. In fact the issues at stake are not of a kind to be solved by law — any more than trying to make men good by law. It was not law that led to the development of industry, but the process of saving and production by individuals prompted by self-interest, and only receiving from the State protection to the rights of person and property.

Politicians have been watchful of new issues and of the opportunity to catch votes. A Government appealing to a large electorate, like that in Great Britain, must, in order to keep public approval, offer some solution. While the Reconstruction Committee had, of course, a more inclusive purpose, it was through its sub-committee on "Relations between Employers and Employed" that there appeared an Interim Report on "Joint Standing Industrial Councils," March 8, 1917, named after its chairman, J. H. Whitley, M. P. This report urged the organization in each industry of councils chosen from both employers and workers to consider matters affecting their closer co-operation, such as the restoration of Trade Union Restrictions withdrawn during the war. The full scheme provides in each industry a National Joint Standing Industrial Council, to be set up by agreement between employers' associations and the trade unions in that industry, and to contain equal numbers of each side; District councils, to be set up by the National Council, and to be similarly constituted, and Works Committees in the individual plants. The purpose is to grant the

workpeople "a greater share in the consideration of matters affecting their industry," such as (to mention only a few) fixing wages, piecework rates, security of employment, improvement of processes, and questions relating to management. As Mr. Cole has said with regard to these councils: "The working-class demands for a growing measure of exclusive control over industry, has been freely countered by the offer of a partial and limited joint control by employers and trade union representatives." The Government, through the Ministry of Labour, is urging workers and employers to establish these councils. As the committee suggested, the plan could work only where there were "responsible associations of employers and workpeople." Hence, we have an explanation of the Government policy of urging a complete organization of all laborers in unions. Substantially all the employers consulted felt that, where a disposition existed to get on with employees fairly, these councils were a hindrance rather than a help, because, the pressure of the Government on employers introduced the political element; and in some cases the settlement by District or National Councils involved decisions by persons who misunderstood local conditions and hence made adjustments with employees more difficult. Nevertheless, these councils are in fact being established in many British industries.





## VIII

### THE WHITLEY COUNCILS <sup>1</sup>

A vague feeling of uneasiness and some acute disturbances in English industry found expression in England during the war in a conference of expert students of industrial relations under the chairmanship of the Right Honorable J. H. Whitley in 1917. This conference surveyed the whole field of industrial unrest and suggested improvements in the relationship of employer and employee.

Rapid results were achieved, and in March, 1917, the first report was made, followed quickly by three others. In fact, the plan which appealed to them as the best solution was a scheme of voluntary coöperation between the two immediate factors in employment, rather than more or less arbitrary interference by Government. It was the consensus of opinion that any form of coöperation of a voluntary nature would prove more permanently beneficial than the best of plans forced upon the two groups from the outside.

A comparison of the two methods was hinted in the report itself, which states:

It has been suggested that means must be devised to safeguard the interests of the community against possible action

<sup>1</sup> Adapted from official reports.



of an antisocial character on the part of the Councils. We have, however, here assumed that the Councils, in their work of promoting the interests of their own industries, will have regard for the national interest. If they fulfil their functions, they will be the best builders of national prosperity. The State never parts with its inherent over-riding power, but such power may be least needed when least obtruded.

To Americans, perhaps the most startling single phase of the Whitley reports is the recommendation that both labor and capital be completely organized in every industry. The report says:

An essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and workpeople. The proposals outlined for joint coöperation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out.

The American scheme of State boards of arbitration for the adjustment of industrial disputes which has resulted in strikes or threaten to culminate in cessation of industry in a particular plant or field does not seem to the English students quite satisfactory. They would have us remove the cause for dispute rather than settle it after it has arisen, for they say:

The schemes recommended in this report are intended not merely for the treatment of industrial problems when they have become acute, but also, and more especially, to prevent their becoming acute. We believe that regular meetings to discuss industrial questions, apart from and prior to any differences with regard to them that may have begun to cause friction, will materially reduce the number of occasions on which, in the view of either employers or employed, it is necessary to contemplate recourse to a stoppage of work. . . .

We have thought it well to refrain from making suggestions or offering opinions with regard to such matters as profit-sharing, co-partnership or particular systems of wages, etc. . . . We are convinced . . . that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the work people should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected.

The Whitley reports, then, advocate a scheme for the self-determination of industry, with both sides completely organized in all industries, with periodical meetings that will remove causes for industrial disputes and give the workman a larger voice in the control of his zone in the world of industry.

Organization machinery is simplified under three broad general divisions which provide for local factory committees under district and national councils; there being separate councils in each industry on the three planes of local, district and national representations, with both capital and labor

equally represented in each council. This scheme is somewhat along the lines of the governmental scheme in the United States, which goes up the political scale from the municipality through state to federal units, under the theory of representation. But it must not be forgotten that this Whitley scheme avoids any hard and fast delineation of rules or system, and each unit is left free to adopt its own means of carrying on the work of constructive as well as conciliatory remedies.

Without attempting then, to lay out a definite organization, the Whitley reports nevertheless offer a rather complete program for constructive action:

Among the questions with which it is suggested that the National Councils should deal or allocate to District Councils or Works Committees the following may be selected for special mention:

1. The better utilization of the practical knowledge and experience of the workpeople.
2. Means for securing to the workpeople a greater share in and responsibility for the determination and observation of the conditions under which their work is carried on.
3. The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.
4. The establishment of regular methods of negotiating for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their better adjustment when they appear.

5. Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

6. Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph three.

7. Technical education and training.

8. Industrial research and the full utilization of its results.

9. The provision of facilities for the full consideration and utilization of inventions and improvement designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

10. Improvements of processes, machinery, and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to coöperation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

11. Proposed legislation affecting the industry.

The fundamental issue — that of industrial democracy — is recognized. Equal representation of both sides as equals under "open covenants openly arrived at" provides a scheme for constructive legislation by and for industry. All this will go far toward the solution of some very perplexing and complicated problems which do not seem capable of solution under present concepts. It will go far to stop the "one big union" menace as well as the sympathetic strike and similar panaceas for all the ills of industry. It is an im-

partial solution of difficulties in which the students of the problem had no direct interest. It was a sane effort of unbiased observers to close the widening breach between the two factors of the employment relationship without injustice to either and with fairness to all, including that vast group in the position of the innocent bystander — the public.

Neither the employers nor the employed have shown any inclination or ability to really solve the problem, because of the unreasonable and unreasoning prejudices and suspicions which have been aroused on both sides. "The way, the truth and the light" can only come, as they have come, from the public at large, and the Whitley Councils seem in large measure to have accomplished their aims.

Practical experiences are reported to have shown excellent results.

# IX

## AN OBSERVER'S COMMENTS ON THE WHITLEY COUNCILS<sup>1</sup>

DAVID CARNEGIE

I appreciate most highly the honour of being asked to tell you something about the progress of Whitley Councils in Great Britain. At the same time I am conscious of no small responsibility in trying to place before you a complete and fair estimate of their value to industry from the standpoint of both employer and employed. The information I have been able to obtain has been afforded to me through the courtesy of the Minister of Labour and other officials in England.

I propose referring:

First, to the cause leading to the formation of Whitley Councils.

Second, to the application of Whitley Councils to industry.

Third, to the attitude of employers and employed to Whitley Councils.

Fourth, to the progress of Whitley Councils.

<sup>1</sup> Address at the Canadian Industrial Conference at Ottawa. September 15, 1919; repeated in substance at the Industrial Conference of the Interchurch World Movement in New York, October 2, 1919. Colonel Carnegie attended many of the Council meetings.

Mr. Whitley, the Deputy Speaker of the British House of Commons, would be the last to claim that by the genius of his committee only the Whitley Councils have been established.

Long before the British Government appointed the Whitley Committee in 1917, to consider the relations between employers and employed, a strong public opinion had been aroused against the repeated industrial disturbances caused by strikes. In 1911 British strikes became a serious public menace; the machinery of voluntary conciliation boards established in 1896 proved inadequate; labour was accused of breaking agreements; some people suggested that compulsory arbitration and conciliation, as had been enacted in New Zealand and in Canada, should be made law in Britain. Instead, however, an Industrial Council was appointed in 1912, consisting of equal numbers of representatives of capital and labour under the chairmanship of Sir George Askwith (now Lord Askwith) to investigate the subject of collective agreements. Compulsory enforcement of voluntary contracts was not recommended by the council, on the ground that it would weaken "the moral force of the obligation," and little was done to improve the ordinary voluntary conciliation boards.

The attitude of labour against any form of compulsory arbitration in England had steadily increased. In 1914, just prior to the war, industrial disputes grew in number. In the month of May there were actually 140 disputes.

Suspicion and strife inside the ranks of both labour unions and employers' associations, in addition to hostility between employers and employed, had also increased, making co-operation appear almost impossible. The increasing number of different sects among labour reformers, each composed of a few earnest leaders, unselfish and lovable when they buried their hobbies, but intolerable when they brought them out, added to the complexity of the whole problem.

After the outbreak of war an industrial truce was made between capital and labour for the duration of the war. The result of the truce inspired faith in the possibility of obtaining a workable plan of co-operation between employers and employed. Different institutions, press, and public advocated humanizing relations between capital and labour. Many schemes were proposed; commissions sat on the subject; foundations investigated the problem; reports and recommendations were made by social, industrial and other organizations. From the employers' organizations came manifestos and recommendations in 1916 and 1917. A builders' national parliament was proposed by Mr. Malcolm Sparks in 1916. In the same year the Garton Foundation proposed plans for better industrial relations between capital and labour and the British Trades Union Congress passed a comprehensive set of proposals, but no plans of co-operation with employers were formulated.

The Whitley Committee, taking advantage of all the information which had been prepared on the subject, issued



their report and recommended a change in the vast industrial machine, which to many looked like inviting disaster. The Whitley report, however, was approved by the Parliamentary Committee of the Trades Union Congress, by different trade unions, and by a number of employers' associations.

The next important inquiry was how Whitley Councils could be applied to industry. Questions arose as to how far the British Government could father the committee's plans, or whether the propaganda work should be left to the associations of employers and labour unions. It was ultimately decided that the Ministry of Labour should undertake the propaganda work. This was done by a body of well trained officials who have shown great capacity. As a rule, the officials conferred with the leaders of labour unions and employers' associations, and if a desire was expressed by them for a meeting to discuss the matter, meetings would be arranged between the representatives of both labour and employers' unions and an opportunity would be afforded for the formation of Whitley Councils.

In all their propaganda work the officials of the Ministry have avoided the very appearance of coercion in the formation of these councils. Their tact, intelligence and good sense have won for them the esteem and praise of the leaders of industry. After a Whitley Council is formed it is usual for a representative of the Ministry of Labour to be asked to attend the Council meetings.

Referring now to the attitude of Labour and Capital to Whitley Councils, it would be vain to suppose that organizations brought into existence so rapidly and for such important objects would be accepted without opposition. Mr. Whitley does not claim that he has found the cure-all for industrial unrest. The attitude of both employers and employed toward Whitley Councils varies considerably. Some sections of labour are as strongly opposed to these Councils as other sections are in favour of them. The same can be said with regard to the attitude of employers.

Some labour leaders, while not condemning Whitley Councils, consider that the machinery of their own trade unions can procure for labour all that Whitley Councils can obtain. There are others who say that to join Whitley Councils would shackle their independence and weaken their fighting ability for the rights and liberties they believe they can obtain by standing aloof from union with employers. There are other groups of labour leaders who contend that Whitley Councils do not afford labour that share in the control and responsibility and profits of industry to which they claim a right.

Most of these objections come from what is often called the aristocracy of labour. Officials of long-established trade unions have been trained for years to fight the leaders of employers' associations. It is therefore most difficult for these men to give way to more conciliatory means of settlement. They have a profound conviction that they can

settle their differences best by a good fight, and are rather proud of their skill in fighting.

Other small groups of what are known as "small intellectuals," with strong socialistic tendencies, inside the ranks of trade unions, are strongly opposed to Whitley Councils, as they believe they are organized by employers to throw dust in the eyes of the workers and destroy trade unionism.

During the past two years the National Federations of skilled labor have been formed. In some cases it would be impossible to elect from the Federation suitable representation on Whitley Councils until they are more consolidated. The officials are not indifferent to the value of such councils; but, owing to the difficulties in settling amicably lines of demarcation between different unions, proportional representation cannot be obtained.

A very common attitude among employers who are opposed to Whitley Councils is that they feel quite able to settle any difference between themselves and their employees without the aid of a council. Other employers who have had happy relations with their employees for years consider that existing conciliation boards afford all that is required to maintain these relations. Such employers, however, overlook the fact that Whitley Councils, in addition to providing means of conciliation and good-will, provide for constructive effort in production, which none of the organizations for

the settlement of hours and wages provide. It was not uncommon to hear employers who do not favor Whitley Councils say "there are far too many committee meetings of all sorts, which instead of helping production and increasing prosperity, interfere with the progress of the business."

Complaints are made that these councils are absorbing the time of leading employers which should be devoted to their business. Men are taken from their employment who are required in the workshop. Some employers argue that Whitley Councils are obviously more attractive to the workmen, who prefer them to manual work.

The attitude of other employers is that of open hostility to Whitley Councils, because they fear they are the thin edge of the wedge by labour to control industry and displace capital.

Other employers, who have suffered during the war through irksome government control, are opposed to Whitley Councils because they are being fathered by the British Government and are afraid of interference and restrictions resulting.

Some employers contend that because Whitley Councils have no statutory powers their proceedings are of little practical value.

Some employers as well as employees object to Whitley Councils because they contend that anti-social action by the

collusion of members is possible, because the consumer is not represented. Such a possibility, however, is extremely remote.

Turning to the actual progress made by the Whitley Councils in industry, I think it is fair to say that it has been considerable.

Since January 11, 1918, when the first council was formed, 41 different industries have established Whitley Councils in which approximately  $2\frac{1}{2}$  million workers are employed. Whitley Councils are voluntary bodies. All the industries in which councils have been formed are well organized; they are principally minor industries, but the two largest, the building and wool and allied textiles, have respectively 553,000 and 191,500 workers.

These councils are grouped in three classes: National, District, and Works. District Councils are being formed or already set up in 19 different industries. Works Committees are being formed in 9 different industries. Each council voices the needs of the national industry of which it is an organized part. The British Government has recognized them as advisory bodies through which the claims of industry are made known. The members of councils are elected in equal numbers by the unions of Labour and associations of employers in the industry. No non-union labour is allowed representation on these councils. The highly organized unions of labour and employers' association in England made this course not only desirable but essential to

success, it being considered that the non-union labourer could voice only his own view and be responsible as an individual for any agreement he made. The mobile nature of labour also made the security of non-union labour agreements between employers and employees uncertain. Organized labour, on the other hand, gave more stability to industry in matters of agreement, although some employers could not depend on agreements made by organized labour, because the leading officials of unions could not always keep an effective control over some of the extreme members of their unions.

Each Whitley Council is thoroughly constituted, having functions great or small as the organizations concerned choose to make them, the principal objects being to consider problems of the workers and improvements in production.

In addition to their formation in ordinary industries, Whitley Councils are being established in Government departments, the Civil Service, by municipal and local non-trading authorities, the teaching, musical, banking, and other professions.

The greatest service Whitley Councils have rendered to industry is in the creation of a new attitude by employers and employed to each other, out of which co-operation instead of hostility has grown. This new spirit has prevented strikes, has increased production, and has improved conditions of labour. Labour men whose names were anathema to employers, and leading employers who were condemned by

labour as cruel oppressors for selfish gain, have met each other for the first time around the conference table, and found that in each other common sympathies and qualities that have gradually melted suspicion and inspired co-operation.

Nothing has impressed me so much in regard to the future of industry as the discussions between employers and employees at different Whitley Councils—discussions conducted with a determination to discover what is fair in the interest of both parties. As a rule the representatives of Whitley Councils are men with mature judgment who have been chosen by their unions of labour and associations of employers because of their experience in handling big questions in industry. No resolution is carried at a council meeting unless it has been approved by a majority of the members present on each side of the council, and each constitution fixes the number forming a quorum.

Time will not permit me to give more than a brief outline of the kind of service these councils have performed:

It is not uncommon at council meetings to find discussions on the subject of increased production, and the difficulties of competition, both domestic and foreign. At one meeting I attended, the chairman, who was one of the employers, gave statistics showing the progress made by the industry during the year, and showed that competition from outside sources was so keen that the industry was likely to suffer unless increased production could be obtained or some restriction

placed upon the importation of the articles in question. A free discussion followed during which it was contended by one of the labour representatives that one of the most important reasons for suspicion in industry was the absence of information regarding the actual cost of production, prices of materials, and selling prices of articles which are kept by the employers. It was pointed out that as trade union representatives they did not wish to obtain trade secrets; but they believed it would remove suspicion and encourage increased production if they were informed more fully as to the profits of business. One spokesman stated that no workman would ask for higher wages or a reduction of hours if on examination of the facts it was shown that an increase of wages or a reduction of hours would jeopardize the interests of the business and the community. After considerable discussion it was ultimately decided, on the recommendation of one of the employers, that they were prepared to disclose information regarding the cost of production and selling prices, not as individual manufacturers, but through their association as a whole. The spirit of the discussion and the sympathetic interest taken by the labour representatives in the difficulties of the employers was very marked.

In many of the industries in which councils have been formed, it has been decided to give the workmen who have been employed for a continuous period in any year one week's holiday with pay. In listening to the discussions on this matter one could not but feel impressed with the value of



employers and employed meeting face to face and discussing requests for improved conditions in the factory and the willingness of employers to do anything within reason to make labour happy and contented.

At another meeting I attended, the chairman, who was one of the employers, pointed out that their industry, in which both sides were interested, was suffering from the importation of articles at a lower price than they could profitably put them on the market. He said that unless some action was taken by the council the industry would suffer. He suggested that a resolution be sent to the Government asking that an embargo be placed upon the importation of the articles in question. He invited discussion, when one of the labour representatives said: "I have been a Trade Unionist for years, and every one who knows me believes that I would do anything to help the industry, but I am a citizen first and I will not support a resolution calling for an embargo on the articles referred to. I know that the wages paid in the country where the articles are manufactured are lower than in this country, and the hours worked per day are longer. I suggest, therefore, that further inquiry be made before considering the resolution." A very profitable discussion followed, showing that the workingmen were capable of entering into an economic situation of no small importance, and also of appreciating the real difficulties of competition in business.

I could multiply illustrations showing the value to em-

employers and employed of conference at council meetings. The atmosphere created and which is passed on to the district councils and to the workshops, is of **greater** value than the actual machinery of organization. **All** kinds of subjects relating to wages, overtime rates, piecework rates, hours of work, apprenticeship, education, statistics and research, organization, propaganda and publicity work are being considered and settled amicably all the time by these Councils.

Questions as to factory organization, safety appliances, and other matters have been referred to Whitley Councils by the Government for their consideration and advice. Already sub-committees of Whitley Councils have investigated and reported upon the subject of housing for the workers; the cost of living and its relation to wages; hours of labour; unemployment insurance; improved methods of production and means of securing trade. In fact, there is hardly a question concerning industry that has not been considered by Whitley Councils.

In cases where a Council has failed to come to a decision, the subject has been referred for arbitration to the Wages and Arbitration Department of the Ministry of Labour.

Several Councils have devised machinery for dealing with disputes and for undertaking conciliation duties. The principle adopted in some cases is that such questions should be dealt with by shop or works' committees or by direct councils where possible, the National Council confining itself

to questions affecting the whole industry. Some Whitley Councils, such as in the "heavy chemicals" and "road transportation" industries, have appointed travelling arbitration panels.

Whitley Councils meet as a rule monthly, but more frequently if necessity requires. The place of meeting is decided by the Council and is arranged to suit the convenience of the members. Some committees meet more frequently. At National Council meetings, district or local matters are discussed if referred to them by Works' Committees or District Councils.

Constitutions have been prepared setting forth the objects and methods of procedure of works' committees. As a rule, one or more directors of a company, with heads of departments represent the employers' side, and an equal number of men are elected by their unions to represent the workers.

Works' Committees usually meet at regular intervals of two to four weeks, the meeting being held during working hours. Any grievance may be reported by any of the workers to their representative on the Committee, and if their representative cannot himself reach a settlement in the matter, it may be referred to the Committee itself. Works' Committees in one form or another existed long before the war and are not in any way the result of suggestions of the Whitley Committee. All expenses of these Councils are shared equally by Labour Unions and Employers' Associations.

I would like to say, in conclusion, that the general impression I have formed in regard to Whitley Councils, from personal observations at different Council meetings and many interviews on the subject with leading employers of labour and leaders of labour unions, is that in spite of their limitations and the objections raised to them by sections of Labour and Capital, they have proved the best means yet devised for bringing together masters and men of the same industry for serious discussion and mutual help. The facts of their progress are indisputable: there is something, call it what one may, that has broken down suspicion and inspired mutual confidence and conference between employers and employed where these Councils have been established.

The big strikes which have taken place in Britain recently are in industries where no Whitley Councils have been established.

It is commonly understood that the conditions of Canadian industry are to-day not quite comparable with those in Britain; but the causes of industrial unrest are the same. Employers who have sympathetically studied the worker's position and labor leaders who with the same attitude have sought to know the employer's responsibilities and difficulties, agree that the solution of the problem of unrest cannot be found in any machinery of organization only. The problems are human and not mechanical.

In Canada employers and employees are not so highly organized as in the United Kingdom. It is estimated that

the percentage of organized labour to the total population in **Britain** is twelve per cent and in **Canada** six per cent approximately.

**Then**, again, the physical differences due to the great stretches of Canadian territory, the widely scattered industries, the more extreme climatic conditions in **Canada** than in **Britain**, and the large percentage of alien labour in **Canada**, are all factors that should not be overlooked. These physical differences inspire temperamental differences. In **Canada** the process of change from the position of employee to that of employer is more rapid than in **England**. Any plans, whether similar to the Whitley Councils or not, which bring together employers and employed to improve the conditions of the workers and encourage increased production, cannot fail to bring national prosperity. The feeling among workers has existed too long that any privileges, recognition, and better conditions have been wrung out of the employers when the forces of labour have prevailed. Such feelings have not inspired increased production.

Labour is calling for better conditions with more comforts, to which employers agree they have a perfect claim. These cannot be obtained without increased production.

I do not profess to have set forth fully all the advantages of Whitley Councils in the limited time at my disposal, but as a student of the subject only, I have tried to give an impartial view. Having served in the workshops and also as an employer of labor, I have had fellowship with workers

and employers in their desire for better conditions, fuller responsibility and more adequate rewards. My experience leads me to believe that through Whitley Councils or similar organizations in Canadian industry, where adaptable, better relations between employers and employed will result.



## X

# IS BRITAIN GOING BANKRUPT? <sup>1</sup>

P. W. WILSON

In August, 1914, London was still the leading money market of the world. Even at that time, however, most forward-looking people had realized that with Europe acutely divided by political feuds and burdened by military despotism, the center of financial gravity must pass before long westwards across the Atlantic. In the United States, the war has made twenty thousand new millionaires, and there is high financial authority for the statement that the country is richer than she was even when she entered into active hostilities. But the Old World is terribly impoverished. The cost of the war has been at least 200 billion dollars. War wastage amounts to a further 250 billion dollars. Nearly all of this loss falls on Europe, and the question to-day is no longer where financial preëminence lies — that is decided inevitably in favor of the American Republic — but to what extent the actual solvency of European nations is impaired. The United States has lent about nine and one-half billion dollars to her friends in the war, and of this

<sup>1</sup> *Review of Reviews*, October, 1919.



immense sum half has gone to England. It is the situation in England that I propose to examine.

About one hundred years ago, the battle of Waterloo ended the career of Napoleon. After twenty years of war, the United Kingdom was left with a total debt of four and one-half billions of dollars. Including Ireland, she had then a population of twenty millions, and the amount of debt per head was therefore \$225. Now consider the position to-day. In the five years ending in August, Britain has spent fifty billion dollars. By taxes she has raised fifteen billion dollars and she has borrowed thirty-five billion dollars. Her total national debt is thus at least forty billion dollars. Her population has risen to forty-five millions, and the average debt per head is about \$890, or four times the burden after Napoleon's defeat.

It is quite true that against this later debt certain assets should be reckoned. To her Dominions and her allies Britain has lent eight and one-half billion dollars, but of this sum nearly three billion dollars has gone to Russia and must be written off. Italy has had two billions while Belgium and Serbia between them have received half a billion. The rest has gone to France. Between friends who have suffered together you cannot drive a hard bargain, and Britain will be fortunate if ultimately she realizes 50 per cent of these obligations.

Since the Napoleonic era her wealth has enormously increased, but it must be clearly understood that the extent of

her empire is wholly irrelevant to the problem of her solvency. With a great empire, Spain was bankrupt and her finances actually improved when she lost Cuba. It is quite true that imperially Great Britain means 450 million persons. But financially her population is one-tenth of this. Mindful of their own history, there are still Americans who think that Britain taxes her colonies, and this impression is confirmed by certain Irish propaganda. As a matter of fact, the Indian, Dominion and Colonial budgets are quite separate from the British budget, nor is their money voted by Parliament, save in so far as these possessions receive subsidies. The British balance sheet therefore rests entirely on British shoulders.

Before the war Britain was undoubtedly saving money. Every year she invested nearly two billions of dollars. As a result her property of every kind, including foreign securities, rose to at least eighty-five billions of dollars. It is against this figure that she has had to raise her national mortgage of forty billions. Some authorities would put the wealth of Britain higher than eighty-five billions, but on the most favorable assumption she has borrowed up to 40 per cent. of her accumulated heritage.

Let us see how in this respect she compares with the United States. The wealth of this country is 225 billion dollars. Her debt amounts to twenty-six and one-half billion dollars, or under 11 per cent. of total wealth.

In other words, the British mortgage is four times as



severe as the American mortgage. Since the population of the United States is more than double that of the United Kingdom, the comparison holds good broadly for debt per head. The British figure is \$890 and the American is \$200 per head.

Naturally there arises the question, what sacrifice Britain will have to make if she is to pay interest and sinking fund on her debt. Before the war it is calculated that the total income of residents in the United Kingdom, received as wages, salaries, profits, dividends, and so on, was eleven or twelve billions annually. Roughly, it was \$5 a week per person. Of this income, the state received in taxes one billion, or one-tenth. After Waterloo, it is calculated that about one-third of the total national income went to the state.

In the current year Britain will raise about six billion dollars, or almost exactly the same sum as the revenue which Mr. Secretary Glass estimates for the United States, yet Britain has less than half the wealth and less than half the population of this country. In a normal year of peace she must raise two billion dollars, or more than double her former revenue for the service of her debt alone—that is, for interest and a sinking fund of  $\frac{1}{2}$  per cent. For many years to come she must face taxes of four and one-half to five billion dollars annually. This means that she is easily back again at the Napoleonic standard of taxation.

Indeed, Britain's situation would be worse if it were not for the fact that her total national income has greatly in-

creased owing to higher wages, pensions and allowances. It is this increase which will probably enable Britain to retain some part of her pre-war saving fund. Despite much social extravagance of a temporary character, the war has taught the people how to invest their money with the state.

We are now in a position to understand the recent warnings uttered by Mr. Lloyd George and Mr. Austen Chamberlain, his Finance Minister. The current fiscal year ends in March, 1920. It was estimated that Britain would spend seven billion dollars. As revenue we should raise six billion dollars, and our deficit, due to reconstruction and demobilization, would be one billion dollars. It has been abundantly clear, however, that our spending departments would not keep within even these colossal figures. On aircraft no less a sum than 300 million dollars was to be lavished. Before the war the entire British Navy did not cost that amount. Actually, 25,000 aeroplanes are being constructed! As for the Navy, 700 million dollars was assigned, which was more than double what that navy cost when it was faced by the German fleet. In these estimates there was neither rhyme nor reason, and a startling series of by-elections convinced Mr. Lloyd George that he must either economise or quit. Among other things, giant Zeppelins are being cancelled, while even Lord Fisher denounces mammoth battleships.

Knowing the British Treasury fairly intimately, I am satisfied that if they estimate a revenue of six billion dollars, they will get it. This, however, does not mean that the


said revenue will be of necessity permanent. It includes at least one billion derived from sale of surplus war goods. It also includes one and one-half billion of excess profits, which levy is admittedly temporary. In two years, therefore, the revenue will automatically fall to four and one-half billion dollars, even if the country remains industrially prosperous. Hence the anxiety that production should be in every way stimulated. This result depends first upon avoidance of strikes and secondly upon taking back into industry all who have been demobilized whether from the army or from munition works. On the whole, there is less unemployment in Britain than might have been feared. When the armistice was signed, 199 out of 200 wage-earners were at work. Idleness was negligible. Although millions have been turned back into peaceful industry, the unemployment returns still continue under 3 per cent., and I imagine that the worst is over, provided always that an economic crisis can be avoided.

Last year, without her latest taxes, Britain raised the astonishing sum of four and one-half billion dollars. It was, of course, the direct tax that did it, and it is now evident that for such revenue purposes, the yield of customs duties, though important, is quite a subordinate item. France has to face the same situation, and one reason why there has been such a demand for reparation by Germany is the fear of French statesmen lest they may be overwhelmed by the old standing hostility of the French people to declaring

their property and income. During the general election of last autumn, Mr. Lloyd George declared that Germany would be made to pay for the war. From whatever Germany pays, Great Britain must now expect to receive little or nothing by comparison with her liabilities.

Hence the desire by many people that there should be a capital levy which would cut the war loss once for all. The plan would be to reckon everybody dead and levy on them estate duties. Some enthusiasts proposed to kill the nation a second time in ten years. Others, however, maintain that whatever is gained by a capital levy would be lost in income-tax returns. For Americans the important point to notice is that no capital levy would injure the foreign holders of British securities. No national debt as such would be seized and the levy would only fall on persons who, owing to residence in Britain, are already liable to her taxation.

Everything thus depends upon Britain maintaining her commerce. Here her main difficulty at the moment is the fall in the value of the sovereign sterling from a par value of \$4.86 to \$4.20, or even to a less figure. This means that Britain pays to the United States 13 cents to the dollar extra on everything she buys, while receiving from the United States 13 cents to the dollar too little on everything she sells. It is perfectly true that of all the great European nations Britain is at the moment in the most favorable position. The French franc has fallen 30 per cent. The Italian lire



has fallen 39 per cent., and the German mark 74 per cent.

The reason is obvious. In the year ending June 30, the exports of the United States were seven and one-quarter billion dollars while the imports were only three billion dollars, leaving a balance in her favor of four billion dollars, or reckoning silver, more than this. Until recently the exchanges were supported because, among other things, Congress had authorized credits in this country not to exceed ten billion dollars. This limit has now been almost reached, and Mr. Hoover has asked that a further three or four billion dollars be advanced. London is to some extent embarrassed because she is the creditor of every country except the United States, and other countries anxious to deal with the United States use London as the medium.

Various schemes have been proposed whereby the exports from the United States may be financed through combinations of banks allowing some form of long credit. At the time of writing, these measures are still delayed, with the result that in the month of July there was a sharp fall of 384 million dollars in American exports, while American imports increased fifty-two millions. It is obvious that in the long run, Europe cannot go on buying from the United States unless she gives something more tangible than paper in exchange. That value need not come directly from Britain. She might help to pay the United States by exporting coal to Italy or machinery to the Argentine. Hence the seriousness of the recent addition of six shillings a ton to the price

of her coal, which is one of the commodities that she has to offer.

Even before the war, the United States exported 500 millions of dollars worth more than she imported, but Britain paid for these goods by freights and with the interest due to her on her American investments. I suppose that about a billion dollars' worth of these investments have been sold back to the United States, which fact shows how important it is for Britain to retain her share of the carrying trade of the world. Some people think that the balance can be made even by means of shipments of gold. It is quite true that Germany has recently disposed of an immense sum from her gold reserve, but the total production of gold throughout the world is only 300 million dollars a year, and although the South African output, amounting to 170 million dollars a year, may help matters by transferring British indebtedness from New York to the Cape, the fact remains that gold is no solution. Already in the United States it is passing from currency into manufacture, showing that it is more valuable as a commodity than as a coin.

Thus there is nothing for Britain except the simple plan of working out her salvation, and I use the term "working out" advisedly. She has to take raw materials and turn them into manufactures, beginning first with her own coal and iron. Happily her exports of manufactured articles are increasing. Despite the terrible disadvantage of having to buy at a premium from the United States, the world's short-



age is such that there are markets for whatever Britain has to sell. The American exchange may be against her, but the continental exchanges are in her favor.

It may be that certain other factors will assist the situation. In the United States there are many families of European descent which transmit money to their friends in the old country. The distresses of Germany and Eastern Europe will tend to increase the amount of these domestic gifts. Also, immense numbers of Americans are likely to visit Europe during the next year or two and to spend there considerable sums of money. One hopes that they will be made welcome without being overcharged or subjected to vexatious surveillance. During the war, what I may call re-emigration, especially to Italy, was almost suspended, but there are now a million or two Americans, or at least residents in America, who wish to go back to their former homes and there spend the savings which they have made in this country.

Finally, as a rectifying circumstance, I must mention the inescapable laws of political economy. Americans know that if they send their money over to England they can purchase British securities at 13 per cent. off the cost price. That is a tremendous inducement, especially as it is morally certain that par value will be restored in a short space of time.

Possibly I ought to say a word upon the idea entertained by British protectionists that things over there might be

helped if there were a prohibitive tariff and preferential arrangements within the British Empire. It must be plain that the state of the exchange acts as a tariff, at any rate against the United States, and the embargo on American goods (now largely lifted) has been fiercely resented by British Liberalism and Labor on the ground that it inspires profiteering. To the territories under the British sovereignty, there have been immense additions, and to-day this sovereignty includes nearly a third of the human race. It has been clear to many British thinkers that the rest of the world would have serious reasons for jealousy if there were not equal trade facilities for all nations within the British Empire, and especially within those portions of the Empire which have not yet received self-government.

The basis of British commerce must be international rather than imperial. It has always been so. While Britain traded largely with Canada, so did they also trade with the Argentine. Of Britain's three chief cotton markets — India, China, and the Near East — only India was within the British Empire. While we are very often told that a contributory cause of the war was the commercial rivalry between Great Britain and Germany, the actual records show that each of these two countries imported into the other a higher value of goods than Germany imported into or received from Austria-Hungary, although the population of Austria-Hungary is 50 per cent higher than the population of the United Kingdom. The British export trade with

Germany was considerably more valuable than her export trade with the United States and each country was undoubtedly adding to the wealth of the other.

If, then, Britain only maintains her output, she may rest assured that she will always have a market, nor need she mind very much where she sells her goods. With the return of peace, there comes a reversal of war conditions. A year ago, it was essential that Britain with her Allies should maintain a blockade of Germany. To-day it is reported from Cologne that British agents are anxious to sell to German buyers who wish to purchase, but that there is no currency in which payment can be made owing to the depreciation of the mark. So it is that little by little, after the great catastrophe, do we find human solidarity restored. About the commercial activity of Britain there can be no doubt. Credit Banks are being established to develop special lines of foreign trade. We may take it that inflated currency will be quietly reduced as opportunity offers. A hard struggle lies ahead, but we have escaped the worst disasters.

# XI

## THE WISE COURSE <sup>1</sup>

J. R. CLYNES

I go as far as any one in the desire to see property nationalized which should be the property of the nation. The mines, minerals, waterways, land, the whole of the great factors which are the arteries of the national life, ought, in my judgment, to be nationally owned and democratically and nationally controlled. The question is not one of what ought to be done, it is a question of how you are going to do it, and it is possible for men to have quite honest differences of opinion on matters of policy and questions of method.

The older I have got in this work the more I have seen the futility of methods of violence. Mr. Smillie does not want, of course, violent methods at all, but that is the first thing that direct action will get for us. Bring out your millions of men, tell them they are coming out for a day only, a trifle, a strike for 24 hours, and perhaps it will run into 48. Having got two days you will want two days more. It is far easier to get your men out than to get them back

<sup>1</sup> Mr. Clynes is a Labor Member of the British Cabinet and made this address on September 16, 1916.


(hear, hear), and all the time your Government, and the other remaining parts of the community, you imagine, will be doing nothing. They will simply be waiting for the moment of Labour's victory. Surely all experience is against any such lame and impotent conclusion as that. You cannot bring millions of men out to begin a great struggle like this without anticipating a condition of civil war.

Your Government would not be standing idly by. The stoppage of the industrial and social life of the community would require on the part of the Government some attempt to keep things going, some attempt to get food and supply the immediate needs of life. In the comparatively small disputes that we have had in this and other countries we have seen how soon the tendency to violence has been manifested, and how soon riot and bloodshed have been the consequences of action of this kind.

Direct action is blessed in the possession of a very attractive name; it is blessed in nothing else. It would, I believe, immediately begin the breaking of workmen's heads and the breaking of women's hearts. It would give to every other section of the community the right, in the days of a Labour Government, to imitate the bad example which Labour had set. We fought, and have been fighting, for years as long as the oldest man in this Congress remembers, for Labour to capture the political machine. That part of the battle has been won, and as soon as the working man has got the means to capture it we tell him that the course is without

hope; we allege literally that he has no sense how to use the enormous voting power which he possesses. You are taking a line which weakens the hand of the Parliamentary Labour Party, you are confusing the mind of our own class in the country, you are alienating the sympathy of the great masses of well-meaning men and women of other classes than our own, without whose sympathy and support you cannot hope to capture the political machine, and become the Government in place of the Government you have now in existence.

Imagine the Labour Government in power. It is certain that it will not long have been in office before a few millions of people will allege against it that it is exhausting its powers, it has no mandate for this and no authority for that. Do you mean that in those days those who disagree with the action of your Labour Government will have a right to resist your laws, to trample on your decisions, and to resist by unconstitutional action the administrative and legislative acts of the Labour Parliament? Are you going to concede, in the days of Labour's power, to every other class which is put under your authority the right to resist your laws as you say you have the right now to resist them, by the use of the strike weapon? You will, I say, set to all other classes the bad example that you ought to be the first to avoid. Having got your political power your next step is political agitation. Do not delude yourself with the conviction that your class is united. If they are not united enough to go willingly and intelligently to the ballot box



you deceive yourselves by thinking that you can drag them out of the workshop against their will, or that, having got them out, they will fight as an intelligent and united body until victory is won. That is the mistake which the direct actionists are making.

Taunt me if you will with being more or less of a fogey, if I say that I believe enduring and sure progress must be slow progress. I deliberately assert that that is the doctrine of all history, and men think very highly of themselves if they believe that in this their time they somehow have been ordained completely to turn the world round, and change the condition of things, so that when they have finished nothing will remain for mankind to do. (Cheers.) This is an old country. It is only within the last half century that the working-classes have got any power. They have not yet got the consciousness of it, but the power they have got — this right to vote, the hallmark of real liberty, the stamp of the free man, which makes the poor equal to the rich — nay, which would make him superior to the rich if he would unite and use his right, the right of education, the right to unite and collectively apply the great constitutional power he acquired. All these things are new. We have not yet learned how to use them wisely.

I am well content, looking along the centuries, to see that my class in the day in which I happen to live have acquired this enormous power. I am content if I can do a little to teach them how wisely to use the power. Looking ahead

I can see Labour in the seats of power, and I want Labour's laws to be respected and observed, just as I ask Labour to observe and respect them now.





## XII

### A WORLD BUSINESS LEAGUE <sup>1</sup>

The first steps toward an International Chamber of Commerce, to co-ordinate and regulate the trade of the world, were taken October 21, 1919, at Atlantic City, N. J., when a special committee of 350 leaders in the commerce of America, Great Britain, France, Italy and Belgium, unanimously adopted a plan for a permanent organization to operate in business, much as the League of Nations will operate in politics.

Membership in the organization, under the terms of the plan adopted, will be limited strictly to those nations that join the League of Nations.

In connection with the provision making only League of Nations countries members of the Commercial League, it was pointed out, after the meeting, that until the United States ratifies the Peace Treaty and the covenant she will not be eligible.

The report of the Committee on Permanent Organization which was adopted sets forth the main recommendations as follows:

<sup>1</sup> Report of the Atlantic City Conference, October 21, 1919.

(1) That the need of more comprehensive organization of the commercial and financial interests of the various nations is imperative and that the present International Trade Conference should serve as the foundation on which to construct a permanent organization.

(2) Your committee has adopted and recommends the following statement of general purpose of the organization:

"The purpose of the organization is to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries and their citizens, the co-operation of business and their association devoted to the development of commerce and industry."

(3) Your committee believes that the specific aims of the organization should be:

(a) To create a permanent international headquarters which will centralize all data concerning economic subjects and social conditions, the facts relating to respective needs, present productions, and future possibilities of each country.

(b) To act as an instrument of co-ordination which will suggest relations and legislative measures to facilitate and encourage the development of economic intercourse.

(c) To inform public opinion through publication of facts concerning business conditions and through dissemination of the views of technical experts and business men.

(d) To put at the disposal of all official organizations the reports and conclusions prepared by those experts and business men.

It was said positively to-night that the plan would be adopted without a dissenting vote when it is offered in open convention. Following its final passage, committees for each of the five nations will be appointed to work out the last organization and locate the headquarters of the Chamber.



# XIII

## WHAT WE MAY LEARN FROM EUROPE IN DEALING WITH OUR LABOR PROBLEMS <sup>1</sup>

### THE INTERIM REPORT

In Great Britain wages in the past have undoubtedly been very low. In spite of a low cost of living, conditions were extremely unsatisfactory. The grave situation which has arisen between employers and employees is mainly due to the neglect by employers for years past of a proper interest in their employees. There is now no question as to their wakening to the situation, and as to a desire to correct the wrongs of the past in a fine spirit of humanitarianism and fair play; and they recognize that their workers should have greater opportunities and better conditions of life. Many of them are conscientiously engaged in trying to find the means to bring about this end. If the attitude of labor leaders shall continue to be uncompromising and radical, without any spirit of co-operation, demanding restrictions on production at the same time that they ask for shorter hours and increased wages, there is before Great Britain a very serious period of disturbance to industry until both sides

<sup>1</sup> From the Interim Report of the European Commission of the National Industrial Conference Board, July, 1919.

reach, by sad experience, some basis of co-operation based on sound economic principles. Practically all the employers interviewed in Great Britain strongly advised against the complete organization of employees or the urging of any policy that would lead to that end. They did not favor a development of labor unionism as such because of the practical difficulties in securing a conservative attitude of mind among labor leaders. They would welcome and co-operate, however, with a more moderate and conservative unionism. Granting this type of co-operation it is possible that English managers may have learned so much as to modern equipment and business organization that they may greatly improve their position in international competition.

From France, the lessons to be drawn are very different from those of Great Britain. The shortage of labor before the war and the terrible losses on the battlefield produced a marked result on the thinking of French workingmen and their leaders, so that they no longer oppose the introduction of labor-saving machinery and methods for furthering efficiency of production, but even demand that employers provide the most efficient methods of equipment. Moreover, as the establishments employing over 50 laborers are few, the relation between employers and their workers is generally intimate. As the unions include not over 20 per cent of the laborers, a strike is not likely to be as serious as in Great Britain.

The really difficult problem in France to-day is to find

the credit with which to obtain coal, materials, and, in the devastated area, machinery to enable the factories to employ labor, turn out goods, begin to export, and help to improve the foreign exchange and the value of the franc. The burden of the debt is very heavy. In the past indirect taxes have been relied on. To-day the country is faced with the necessity of a resort to direct taxes, especially on incomes, to which there will be bitter opposition by the peasants as well as by the middle and richer classes. Unless such taxes are imposed there can be no proof to her creditors that France can carry not only the interest on her debt, but also the other burdens of the war, together with her normal budget. Until this proof is given, little credit is likely to be forthcoming. France must rely on the thrift and persistent industry of her people.

In Italy, since only a small percentage of the laborers are organized and since these are now dominated by extremists, some Italians suggested that, if all workers are organized the action of the unions would be more conservative. But in Great Britain, where most of the men were organized, the supposedly conservative elements were either unable to control the radical elements, or as was usual, they did not sufficiently interest themselves in union affairs to make their influence felt. It is believed by your Commission that the Italian employers would drift into exactly the same situation as that in Great Britain if their workers became fully organized, so that the radicals could wield a heavier club. Herein



lies a lesson for the United States. The outcome of a wrong point of view in Great Britain and Italy should serve as a warning to keep industry in the United States from drifting into the same difficulties.

There can be no doubt that the modern ebullition of a radical labor doctrine has made adjustment difficult. The tendency of unionism has been to discourage individuality and ambition. It has demanded that labor should not be regarded as a commodity. It is true that labor should unmistakably be regarded as the effort of human beings; and the inevitable corollary follows: that human beings vary widely in industrial capacity and efficiency; practically no two are alike. Although the meaning of the phrase that labor should not be regarded as a commodity is not clear, it is implied that wages should not be determined by demand and supply, that is, by skill or scarcity or by productive capacity, but should be paid on the basis of needs as a human creature; that, whether abundant or not, all labor should be paid a wage sufficient to provide not only the necessities of life, but also comforts and recreation; that, if the cost of living rises, wages should rise perforce. Such a theory, of course, assumes an inexhaustible source from which wages can be drawn. If wages are claimed for men as human beings, irrespective of their inequality or difference in productive capacity, that would lead in turn to a still higher cost of production and a still higher cost of living. Antagonism

against privilege and monopoly is characteristic of the present times. One craft or one union, therefore, cannot hope to better its conditions by trying to obtain a monopoly of high wages that is at the expense of all other workers; but, even if all workers by organization and compulsion should be able to force a proportionate increase in wages, it inevitably follows that no one would be benefited by the ultimate result, because there would ensue a corresponding increase in the cost of living to all members of society. We cannot reason from the conditions during the war. In that period, if employers made "concessions," they were necessarily made on the assumption that the increased cost could be passed on to the purchaser. So long as the purchaser was the Government, the increased cost was taken up in the national debt; but in times of peace the general body of purchasers bears the burden; the workers are, obviously, a part of the consumers, and their condition is affected not only by the wages they receive but also by the prices charged. There is no way out in that direction. Indeed there is no other permanent way to bring about higher wages than by creating higher individual productivity. Employers and employees should be as one in enforcing this principle; and employers can best serve the common interests of both laborers and producers by encouraging industrial training and every possible plan for instructing their employees so that their productive efficiency can be promoted. Then wages should rise

with the rise in industrial efficiency. That is the crux of the whole matter.

By many labor leaders no such conclusion will, during the present radical upheaval, be easily accepted. They are pointing to control of industry and nationalization as a means of changing the system of distribution and raising the share of labor. Any concession gained by pressure towards this end is accepted as a matter of course, not as a basis for content, but as a new starting point for a further advance to their objective. The public does not realize this attitude. It is sympathetically assumed that "something must be done" for labor, because wages are too low, and that employers should make "concessions." In truth, two different points of view are being confused. On the one hand, there is a way to increase a laborer's standard of living by developing his productive power; on the other hand, disregarding such a method as too slow, and, unwilling to recognize that men are industrially unequal in capacity, some labor leaders of the present day propose a short cut to higher returns by overturning the present social order.

This general policy may seem very distant to Americans, but the tendency to Government ownership is one indication of a movement in this direction. Too often it is the first step that costs. Already our own experience throws some light on this policy. The demoralization and inefficiency of the railway and telegraph companies under Government management in the United States, during the war and

after the armistice, give striking evidence against the efficiency of governmental ownership.

The study of British conditions convinced us that the remedy for industrial discontent was not to be found, as some have asserted, in the complete inclusion of all laborers in the unions. With the present known attitude of labor leaders, a thorough unionization of all workers would only mean handing over to them a greater power for radical action and for the eventual destruction of orderly government. Moreover, many British employers realize this to be the issue; and they are hesitant to follow the urging of governmental officials to join in universal joint conferences for discussion of labor troubles. What is fundamental is not the means for joint discussion, but the creation of such a normal, rational point of view on both sides as will allow of co-operation towards increasing productivity. It is possible, however, that joint discussion may help to bring about a helpful point of view. But there is evident a hostile radical element insisting on shop stewards and works councils, with the obvious purpose of using them against the employer through methods of threats and force to gain concessions — then such machinery is worse than useless as a means of adjustment. Behind all mechanical devices for bringing employers and employees together there lies the necessity of first reaching a right attitude of mind. So far it has not been shown by experience that joint councils, or joint industrial conferences in themselves, can or have brought about that de-

sired attitude of mind. In themselves they are no remedy for discontent.

In regard to the associations of employers in Great Britain there was apparent the usual individualistic attitude which made co-operation difficult. The peculiar conditions of the war, no doubt, changed this attitude more or less. The necessity for the Government to deal with all the producers in a given industry made it necessary to form organizations of employers. Moreover, the growth in trade union organization was stimulated by the war; hence, in self-defense the employers sought to increase the strength of their organizations so as to at least parallel that of the trade unions. While some employers' organizations are essentially only a means of self-defense when they are face to face with a militant and threatening organization of labor, some associations, like that of the Federation of British Industries, have for their aims the promotion of active co-operation between employers and employed on questions generally affecting labor. In France employers are organized mainly within the lines of each industry. There seems to be no national organization of products. In Italy employers in the North have organized to act in unison on such questions as the eight-hour day and a minimum wage.

Without doubt the main recommendation of your Commission to American industrialists, after its examination of conditions abroad, is that each employer should regard it as his personal duty to establish direct and cordial relations

with his workers. It will not do to drift into a policy of neglect, as have some British employers in the past, which has borne such bitter fruit in the dissatisfaction of the present day. The employer must see to it that no charge can be brought against him of not intelligently looking out for the interests of the rank and file in his establishment. The examples of Lever, Cadbury and Rowntree among British employers have already been equaled in this country, but their example is nevertheless to the point. For us the point is that everything depends upon the spirit of humanity and sympathy which animate both parties to the wages contract. First of all, more is expected of the fortunate and successful, because of noblesse oblige, than of those who have had less opportunity and success. The employer must take the lead; much in the way of leadership is expected of him. He must generally plan to prevent grievances from rising by showing a genuine interest in a fair system of remuneration, in healthful shop conditions, the proper and sanitary housing of his workers, and the welfare of the community in which his plant is located. If he is really at heart trying to raise the standard of living, as he ought, of his employees, he should, moreover, be occupied not only with questions of wages or material rewards, but with matters which will cultivate the intelligence, morals and character of men. Granting this attitude of mind, then, there must be a corresponding point of view on the part of labor if any permanent and peaceful adjustment is to be accomplished.



## XIV

# OUR INDUSTRIAL VICTORY <sup>1</sup>

SAMUEL McCUNE LINDSAY

The characteristic American spirit will characterize the way we take the great victory that has been won for democracy and for the rights of the free peoples of the world. A large part of that victory has been an industrial victory brought about by the organization of the economic forces of the life of this nation in a way which made it a powerful factor in determining that great victory. A great deal will depend upon the spirit in which we take that victory. I hope for one that it will be with a very modest estimate of our achievement and a very lively appreciation of how far short we came of what we might have done had we not been caught unprepared for great social undertakings. If we take this great industrial victory in that spirit, assuring ourselves that it is nothing to what we are going to have in the industrial victory of the years to come, the war and all its victories, military and industrial, will indeed be a great blessing for this country.

<sup>1</sup> Introductory words of the President of the Academy of Political Science at the New York Meeting held December 6-7, 1918.





## XV

# JUSTICE AND THE POOR <sup>1</sup>

ELIHU ROOT

New projects are continually suggested for improving the condition of the poor by the aid of government, and as to many of them there is a debatable question whether they come within the proper province of government and whether official interference will not in the long run do more harm than good to the beneficiaries and to the community. No one, however, doubts that it is the proper function of government to secure justice. In a broad sense that is the chief thing for which government is organized. Nor can any one question that the highest obligation of government is to secure justice for those who, because they are poor and weak and friendless, find it hard to maintain their own rights.

I do not think that we should be over-harsh in judging ourselves, however, for the shortcomings have been the result of changing conditions which the great body of our people have not fully appreciated. We have had in the main just laws and honest courts to which people — poor as well as rich — could repair to obtain justice. But the rapid growth

<sup>1</sup> In Foreword to Carnegie Bulletin Number Thirteen.

of great cities, the enormous masses of immigrants (many of them ignorant of our language) and the greatly increased complications of life have created conditions under which the provisions for obtaining justice which were formerly sufficient are sufficient no longer. I think the true criticism which we should make upon our own conduct is that we have been so busy about our individual affairs that we have been slow to appreciate the changes of conditions which to so great an extent have put justice beyond the reach of the poor. But we cannot confine ourselves to the criticism much longer; it is time to set our own house in order. And as we do so we should recognize with gratitude the noble and unselfish men and women whom this book shows to have been devoting themselves to the task which most of us have been neglecting.

REGINALD HEBER SMITH

"The administration of American justice is not impartial. The rich and the poor do not stand on an equality before the law, the traditional method of providing justice has operated to close the doors of the courts to the poor, has caused a gross denial of justice in all parts of the country to millions of persons."<sup>1</sup>

Bribery, political influence, incompetent judges, extortionate fees or class domination are not the causes of the injustice, the report concedes, but attributes it rather to the "great

<sup>1</sup> From the Carnegie Bulletin Number Thirteen, published 1919.

underlying social and economic changes which have taken place during the last half century, altering our entire national life, and to which our judicial system failed to adapt itself. Primarily these changes are due to immigration, the rapid rise of the wage earning class and the startling growth of urban population."

There are three defects in the court system named which are said by the report to prevent the poor from obtaining justice.

"First — The delay which advantages the longer pocket-book and arises from our antiquated court organization and our overcomplex and super-technical procedure.

"Second — The expenses that the state itself levies in the form of court costs and fees and which too often serve to prohibit access to the courts.

"Third — The expense of lawyers' services. This does not mean unfair fees — it strikes deeper. The trouble is that for an understanding of our legal rights and for the orderly presentation of cases in court lawyers are essential; lawyers must live, and so must be paid. Yet millions of persons need just such assistance from time to time, but cannot get it because they are too poor to pay for it."

The report points out that the first two defects are superficial and can be easily remedied whenever the people put their minds to it and determine to run justice just as efficiently as business, sweeping away the "accumulated cobwebs." The third, however, is referred to as an "inherent

difficulty not easily overcome." The report then considers the agencies which may be used to improve the position of the poor. It suggests certain types of cases where attorneys may be dispensed with.

"The small claims courts, such as now exist in Cleveland and Chicago," it says, "have had marked success in dealing with small debts, wage claims and tenants' troubles, by using a most informal procedure, in which the judge himself talks with the parties and their witnesses without the intervention of a lawyer, conciliates them if he can and if he cannot renders his legal judgment. For domestic difficulties the modern domestic relations court of the Cincinnati, Detroit and Philadelphia type, through the intelligent work of probation staffs, can adequately protect the deserted family and afford it unpriced legal redress. Similarly, the industrial accident boards administering the compensation acts operate through their own investigation of cases and the provisions for automatic settlement of most matters to secure free and, therefore, equal justice to injured workmen.

"Over and beyond these groups of cases are the multitude of diverse matters in which the lawyer cannot be dispensed with, wherein, if justice is to be done, each side must be represented. If one party is too poor to buy a lawyer's services, they must somehow be furnished him unless miscarriage of justice is to be the portion of the poor, the weak and the ignorant.

"The definite solutions advocated are the legal aid organ-

izations for civil cases and organizations similar to the public defenders for criminal cases. There are now forty-one such organizations, operating in some cities as private charities and in others as public bureaus. Already they have been called upon to give legal aid to one and a half million clients, and through their work have secured for clients sums owed amounting to \$4,000,000."

The emphasis of the report is on this constructive side. It presents a definite program for progress. The plans suggested are intended to remove the great present cause of dissatisfaction with government as it exists. The man who is unable through the courts to enforce his rights or secure redress when he is wronged, feels a keen sense of injustice, it is pointed out. He is apt to believe—and this is particularly true of the immigrant—that American justice consists only of laws that punish and not of laws that help. The next step is for him to be against the law, because he thinks the law is against him. He is then ready to listen to the forces of sedition and anarchy. Dr. Henry S. Pritchett, in introducing the report as President of the Carnegie Foundation for the Advancement of Teaching, says:

"The study touches so closely the source of much current discontent and points the way to constructive action so important and yet so feasible that its publication now is especially timely. There never was a time when it was more important to provide machinery that shall be adequate to accomplish in fact that justice at which the law aims and

for whose attainment among men it was established. It is not enough for the law to intend justice. It must be so administered that for the great body of citizens justice is actually attained. Be the law never so good in theory, uncertain or dilatory administration, through the present cumbersome or defective machinery, goes far to defeat its aims. The widespread suspicion that our law fails to secure justice has only too much basis in fact. If this suspicion is allowed to grow unchecked, it will end by poisoning the faith of the people in their own government and in law itself, the very bulwark of justice.”<sup>1</sup>

The report on “Justice to the Poor” is the outgrowth of a general study of legal education which the Carnegie Foundation undertook a few years ago at the earnest request of the Committee on legal education of the American Bar Association. Although written in simple and non-technical language and designed to make the general public aware of the facts, the report has a particular significance to the lawyers of the nation. It shows that they have failed to understand that justice has gradually become inaccessible to the poor and have failed to take steps to relieve the situation. The introduction to the report contains this appeal to the Bar:

“If those who officially represent the law do not bend their energies and give their best thought to make the administra-

<sup>1</sup> From Introduction to R. H. Smith’s “Justice and the Poor,” Carnegie Bulletin Number Thirteen.

tion of justice fair, prompt and accessible to the humblest citizen, to what group in the body politic may he turn with any hope that this matter will be dealt with wisely and justly? ”

Despite the fact that a serious denial of justice is said to exist to-day, the general tone of the report is optimistic on the ground that laws and legal institutions are sound at heart and because of the author's belief that “once the truth is known and the public conscience is aroused progress will be rapidly made which will eliminate for all time denial of justice on account of poverty in America.”

That justice can be attained only through the law is made clear at the outset of this report. Human experience in all ages and in all countries proves that our only hope to attain a fair equality of justice for every member of society, wise or ignorant, good or bad, rich or poor, lies in a system of law based on principles long tried and administered by those removed from the pull of personal interest. A citizen of any state may have a reasonable confidence in justice for himself only so long as his rights and privileges are defined by the rules of law and not by the whim of any individual. Freedom and justice for the individual member of the body politic can be hoped for only through the reign of law, and not through the favoritism of any ruler or class or faction. No lesson of human society can be more clear than this, that law is nothing other than the crystallized experience of mankind, embodied in principles that aim at the attainment of



justice as between man and man and as between society and the individual.

It follows directly from this conception of law, however, that in the process of social development some readjustment of the law, in the light of altered conditions and widened experience, is from time to time required. Otherwise our inherited body of legal principles and our ideals of abstract justice are in danger of growing apart. If the task of bringing them together again should by any chance be deferred until a large element of our population suffer long continued grievances under the existing law, a temper of mind is created that does not make for sane reform by orderly methods.

How much the present weakness in the administration of the law works against the interest of the poor as such it is of course impossible to say. It would be a mistake to assume that the cost of litigation and the law's delay benefit the rich exclusively. In a great number of cases they work to the advantage of the dishonest poor. The deserving poor man is helpless to obtain speedy justice from any one, poor or rich. The question is not primarily one as between rich and poor, but concerns rather the fundamental necessity in a free country to place justice, so far as it is humanly possible to do so, within the reach of those who occupy any station in life. Our civilization rests upon an honest and sincere attempt to realize this ideal.

While the poor, like the rich, come to serious disputes

with their fellowmen and with the agencies in the social order with which they have relations in many ways, the great proportion of questions which they desire to bring to settlement lie in a few fields — questions concerning wages, those resulting from injury while in employment, and those which originate in the family relations and affect directly the happiness of wives and children and the integrity of the home. The very natural failure of the administration of the law to keep pace with the rapid industrial transformation of the country is the source of much of the complaint of the poor and particularly of the poor man who is also an alien, touching all the matters relating to his employment, his citizenship, and the disputes which arise in his domestic relations.



## XVI

# HIGH COST OF LIVING <sup>1</sup>

MANUEL KOMROFF

The high cost of living could be attacked from five different angles and the best results would be obtained if all of these were applied simultaneously by all people, in all parts of the United States.

(1) There must be more production — not a nervous, feverish production, but a continuous flow from industry. In order to accomplish this, all members of society should be active continuously.

This would, in itself, eliminate one of the causes for strikes. Strikes are seldom constructive, but are more usually destructive in their nature: if not directly, certainly the reaction must be harmful if it is always accompanied with increased costs.

At this rate, strikes react and strike wage-earners even harder than they do the employers. According to the law of supply and demand, it would naturally follow that with a greater production of the articles necessary for comfortable living, the result would be a decrease of prices.

Society is fundamentally founded upon work and play.

<sup>1</sup> From *The Daily Garment News*.

The unwillingness of so many people to do any real useful work is one of the post-war evils, and one of the main factors causing the increase in living cost.

(2) The question of the wage scale also enters into the high cost of living. Wages should be logically and conscientiously considered by both employers of labor and laborers themselves.

One class of workers should not be pitted against another class. There are certain classes of labor that are receiving wages quite disproportionate and, in a way, unjust, compared to the amount of money received by other classes of workers whose services to society are no less important. For instance, furriers, bricklayers, painters, railway engineers, and other classes of labor have been receiving much more than our middle intellectual class, the teachers, bookkeepers, preachers, letter carriers, scientists, and literary workers. Yet the former are no more important to the welfare of society than the latter.

Organized labor is receiving a large share of its production, while unorganized labor is not. If no adjustment is made, the temptation will be for professional classes likewise to organize. What would be more dreadful than a strike of doctors?

(3) America went into the war on a gigantic scale. People became accustomed to thinking in millions. Large numbers is an ordinary thing to the American mind. The country is large, the resources are great, the expanse of industry

enormous, and it is natural for all to think in a large way.

The creation of a great many new millionaires in the last few years could only have been possible in a country where men think in millions. Nevertheless, there has been and still is in America a class of men whose business profits are above normal. It is for this reason that the war against profiteering must be continued.

Whatever the public is charged for food and other necessities of existence, they pay cheerfully. There has been none of the grubbing and spirit of vengeance that the Latin countries of Europe are now experiencing in regard to high costs.

Many of our profiteers will soon commence to fear the unrest confronting them and may adopt a more sane method of conducting their business. But there will always be some who like to scoop up as large as opportunity will allow. Their selfishness may cause the people's patience to end and rebellious action to follow. It all depends on how many of this type of profiteers there are in America whether or not the public will lose patience.

(4) President Wilson, on his way to the West, told the people that the only remedy for the high cost of living is co-operation between capital and labor. He was not alone in endorsing this plan.

Leaders of industry and the workers of industry must work together — they must pull in one direction. Perfect harmony can only be brought about by perfect understanding. Animosity and hatred are usually caused by lack of under-

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standing. We do not despise the things which we understand. If the present panicky feeling which disturbs the contour and face of our country is to be avoided, there must be co-operation and consideration on the part of all interested in industry.

There must be fair play and sincerity on all sides. There must be a greater understanding between contending parties; and not until this is accomplished can high cost of living be reduced.

Less striking, less kicking, less hatred; more working, more willingness, more helpfulness and greater understanding.

(5) Although no actual gold has been shot from cannon in Europe, yet the war has left the world much poorer than it was before. Natural resources have become exhausted and America's part in the war certainly did not help to increase the wealth of the nation. Wealth is not money.

A certain recklessness has been caused by the war. A recklessness of personal extravagance; an extravagance which, on the surface, tends to show that we are richer today than we were before the war. But this is a false notion.

Too many people have mortgaged their homes in order to buy automobiles that they do not actually require. Too many girls are buying expensive furs and silk stockings that are not actual necessities. Too many young men are spending money extravagantly, recklessly, as though they did not expect to live another day. The large jewelry stores in our cities are crowded with people of the working class.

On every hand, people, rich and poor, are indulging in extravagance and wastefulness. Such actions cannot bring good to the country and can only make for evil, want and suffering.

After all, the Government in Washington is quite powerless, for it cannot change by legislation any characteristics that people as individuals may possess. The Government is the people. And the people are living beyond their incomes. In order to prevent personal and national bankruptcy, every individual in America must produce more of the essentials and consume less of the luxuries.

This can only be accomplished if all get together toward one end, each doing his part.

## HIGH PRICES AND A REMEDY <sup>1</sup>

IRVING FISHER

The increase in wages secured by the Railway Brotherhoods three years ago has been neutralized by the subsequent rise of prices and the Brotherhoods are now again demanding legislative help. This time, doubtless to fix attention on the reason which, as they believe, justifies their demand, they ask not for higher money wages but for a lower cost of living.

The fear of a railway tie-up precipitated the present fran-

<sup>1</sup> *The Review of Reviews*, September, 1919.



tic discussion over the high cost of necessities. Accordingly, the President on August 8 addressed Congress on the subject. The most significant part of his message was that in which he showed by figures that the high prices "are not justified by a shortage in supply, either present or prospective." For instance, although the supply of creamery butter had increased in a year 129 per cent., its price advanced from 41 cents to 53 cents per pound.

Unfortunately, the President does not try to apply this fundamental fact to reach a correct diagnosis of the situation. He contents himself with echoing the popular outcry against "profiteering." Doubtless profiteering can be mitigated, and it is devoutly to be hoped that it will be and that its real extent will be laid bare. But, on the basis of the known movements of retail and wholesale prices and other known facts, it is clear that the public has greatly exaggerated the importance of profiteering and has mistaken what is an effect of rising prices for their cause.

Consequently, no amount of control or of punishment for profiteering can materially change the general level of prices. No remedy based on a false diagnosis will cure the patient.

Two days after the President's address Mr. Harding, Governor of the Federal Reserve Board, in reply to a request from the Senate Committee on Banking and Currency, gave very interesting and illuminating facts, regarding our currency expansion (from \$4,100,000,000, at the beginning of the war, to \$5,100,000,000, at its close). He exculpates the

Federal Reserve System by showing that half of the increase in Federal Reserve Notes was in substitution for gold. The other half, he claims, is due to higher wages and prices, and not they to it. In this, he is, I believe, mistaken. Of course, a banker finds need of more Federal Reserve Notes when pay rolls are increased; but why are pay rolls increased? Because wages are chasing the High Cost of Living. And the High Cost of Living is what we are trying to explain! So we find ourselves just where we started.

Governor Harding seems intent on defending the banking system of which he is the head. I would not, for a moment, lay the blame for the "H. C. of L." on that system. But Governor Harding's statement does not go down to the fundamental relationship of money to prices. He says, as to gold, "The board assumes that it is recognized that no legislation is necessary." The truth is that our inflation is chiefly due to the billion dollars of gold which the war brought us from Europe.

The war will go down in history as probably the greatest destabilizer of price levels the world has known.

Prices in North America are double what they were before the war and in Europe more than double — in some countries probably more than tenfold.

We now possess, as we did not in the Civil War, a device for measuring the average change in prices. This is what is known as an "index number."

Thus, if one commodity has risen 4 per cent. since last

month, and another 10 per cent., the average rise of the two is midway between 4 per cent. and 10 per cent., or 7 per cent. It is  $4 + 10 \div 2 = 7$ . If we call the price level of the two articles last month 100 per cent., then 107 per cent. is the "index number" for the prices of the two articles this month. The same principle, of course, applies to any number of commodities.

Many different systems of index numbers are now before the public — such as those of Bradstreet, Dun, Gibson, the *Annalist*, the United States Bureau of Labor Statistics, the Canadian Department of Labor, the London *Economist*, the London *Statist*, and the British Board of Trade. The present index number of the United States Bureau of Labor Statistics covers 300 commodities.

The Index Number of the United States Bureau of Labor Statistics, the best Index Number we have, shows an average price level in 1918 of 196 for wholesale prices and 168 for retail prices of food on the basis of 100 per cent. for 1913, the year before the war; showing that wholesale prices have, on the average, almost exactly doubled. The index number for wholesale (March) is also 200 and for retail (April) 182.

Going back to 1896, we find the index number of wholesale prices was 67. That is, the level of wholesale prices has risen almost exactly threefold (67 to 196) since that date and is now almost exactly the same as under the depreciated greenback standard in 1865.

Putting it another way, as compared with the biggest dollar we ever had, that of 1896, our present dollar will buy only as much as 35 cents would then buy, so in comparison, therefore, our present dollar almost literally "looks like thirty cents."

Why are prices so high? Will they drop? Can they be stabilized?

The truth is that the chief causes of the rise of prices in war time are monetary.

It is almost invariably true that the great price movements of history are chiefly monetary. This is shown, in the first place, by the fact that countries of like monetary standards have like price movements. Thus—to consider gold-standard countries—there has usually been a remarkable family resemblance between the curves representing the rise and fall of the index numbers of the United States, Canada, England, France, Belgium, Holland, Scandinavia, Germany, Austria and Italy. Again, the price movements in silver countries show a strong likeness, as in India and China between 1873 and 1893.

On the other hand, we find a great contrast between gold and silver countries or between any countries which have different monetary standards.

In the present war the data are still too meager to enable us to express all the relations in exact figures, but we may arrange the different countries in the approximate order in which their prices have risen. The order of the nations cor-

responds, in general, with the order in which the currency in those nations has been inflated by paper — as well as with the order in which their monetary units have depreciated in the foreign exchange markets.

This order — of ascending prices and of inflated currency — is as follows, beginning with the least rise and inflation: India, Australia, New Zealand, United States, Canada, Japan, Sweden, Switzerland, Denmark, Italy, Holland, England, Norway, France, Germany, Austria, and Russia.

The ups and downs of prices correspond with the ups and downs of the money supply. Throughout history this has been so.

The present war furnishes important examples of this. In the United States the curve for the quantity of money in circulation and the curve for the index number of prices run continuously parallel, the price curve following the money curve after a lag of one to three months. It was in August, 1915, that the quantity of money in the United States began its rapid increase. One month later prices began to shoot upward, keeping almost exact pace with the quantity of money. In February, 1916, money suddenly stopped increasing, and two or three months later prices stopped likewise. Similar striking correspondencies have continued to occur with an average lag between the money cause and the price effect of about one and three-quarters months.

On the whole, the money in circulation in the United States rose from three and one-third billions in 1913 to five

and a half billions in 1918, and bank deposits from thirteen to twenty-five billions, both approximately corresponding to the rise in prices.

Taking a worldwide view, the money in circulation in the world outside of Russia has increased during the war from fifteen billions to forty-five billions and the bank deposits in fifteen principal countries from twenty-seven billions to seventy-five billions. That is, both money and deposits have trebled; and prices, on the average, have perhaps trebled also.

The Bolsheviki are a law unto themselves. They have issued eighty billion dollars of paper money, or more than the circulation in all the rest of the world put together. Consequently prices in Russia have doubtless reached the sky, though no exact measure of them, since the Bolshevik régime, is at hand.

The increase of over thirty billions in the money of the world (outside of Russia) is, as O. P. Austin says, "*more, in its face value, than all the gold and all the silver turned out by all the mines of all the world in the 427 years since the discovery of America.*"

The conclusion toward which the foregoing and other arguments lead is that in this war, as in general in the past, the great outstanding disturber of the price level has always been money.

Money is so much an accepted convenience in practise that it has become a great stumbling-block in theory. Since we talk always in terms of money and live in a money atmos-

phere, as it were, we become as unconscious of it as we do of the air we breathe.

It is curious that every time inflation of any kind has visited a country the public has had to be reëducated. The evils of colonial and continental paper money were forgotten by the generation of the Civil War, and the evils of the greenbacks of that war were forgotten by most people in the last war.

Are prices soon to drop?

As I have stated several months back, in my opinion, prices are not going to fall much. We are on a *permanently* higher price level, and the sooner the business men of the country take this view and adjust themselves to it the sooner will they save themselves and the Nation from the misfortune which will come if we persist in our present false hope based on a false analogy with our Civil War experience.

Let us examine the factors upon which any future price movements must depend.

(1) *Gold will not return to circulation.*—No great effect in the direction of falling prices can be expected from any return of gold into daily circulation. Such a reversion would be contrary to monetary experience everywhere. When people have learned to leave their gold and silver in the banks and use paper money and checks instead they will find the additional convenience so great that they will never fully return to the old practice.

(2) *No great outflow of gold through international trade.*

— It should be noted that many of the former reasons for a flow of gold from America abroad have disappeared. We used to owe Europe a huge balance of interest payments upon the American securities she held. The situation is reversed to-day. Moreover, Europe must pay us money for the materials we shall send her for reconstruction, or at least pay us interest on credit we shall extend her. Thus our exports will probably exceed our imports during the reconstruction period. We used to pay ocean freight money to foreign carriers; to-day the American merchant will keep in American hands tens of millions of dollars of ocean freight money. The huge volume of American tourist travel abroad, for whose expense we had to settle, has stopped and can not resume for a year at least. For all these reasons the lines are laid for a movement of gold from Europe here rather than for a movement of gold from America to Europe.

“Yes, but,” people say, “wait until trade is resumed between the United States and Europe, then surely ‘low-priced European goods’ will flow over here in such enormous volume that they will liquidate all annual obligations to us in goods.” It is true that, ultimately, Europe must pay her obligations to us in goods, but it will take many years. Meanwhile she needs our tools, machinery, and raw materials for reconstruction.

At the present time European goods are not “low-priced”



(however little the money wages of European labor will buy). Prices in Europe since the war began have risen more than they have in the United States.

(3) *Reduction of outstanding credit.*— The chief dependence of those who predict lower prices is on a reduction of the super-structure of credit resting upon our gold rather than on any reduction in the volume of this gold itself. They look for a contraction of paper money and of the volume of deposits subject to check, which circulate throughout the country.

But the main cause for the present extension of bank credit is the Liberty Loan. Subscribers for the loans have not paid for their bonds in full. Many of them deposit the bonds with the banks as security for loans to be repaid later.

It is also worth keeping in mind that Liberty bonds and other Government securities held here do not wholly cease being a source of credit expansion when the individual subscribers have completed their payments on the bonds and really own them. These new bonds are unrivaled security for further borrowings from banks for commercial purposes, and they will continue to be so until the Government which issues them redeems them.

The availability of the vast issues of war bonds as bases for future credit expansion, coupled with the fact that our banking system has still many unused reefs, sure to be taken out later, when business wishes to spread more sail, is the

chief reason why prices will keep up permanently; that is, for many years.

Between the period of temporary and the period of permanent effects, there may be a slight dip in the price level, say six months or a year from now.

Looking into the still more remote future, there will be in Europe, particularly on the Continent, a vast increase in deposit banking. The need of the governments there for funds during war times hastened the introduction of deposit banking. Money went out of circulation into bank vaults, and there became the basis for circulating credits. This means a new habit which will lead to a great currency expansion. Far-away countries, like India and China, are also learning to use deposit banking. It is as if a new source of gold supply had been discovered. What has been discovered is a new way of using the gold supply.

The world, during the course of the war, has thus started, or has hastened, an equivalent of the price revolution of the sixteenth century.

If, for each one of us, the rise of income were to keep up exactly with the rise in cost of living, then the high cost of living would have no terrors; it would be merely on paper. But no such perfect adjustment ever occurs or can occur. Outstanding contracts and understandings in terms of money make this out of the question.

Consider a working girl who put a hundred dollars in the

savings bank in 1913. To-day, if she has allowed it to accumulate at interest, she has \$120. But when she tries to spend this \$120, she finds that things cost nearly double what they did in 1913. Thus she gets for her entire \$120 to-day much less than she could have bought for her original \$100 at the beginning. After five years of self-denial, where is her reward, her interest? She has been (without the intention of anybody) cheated out of all her interest and much, even, of her principal through the depreciation of the "dollars" in terms of which her savings bank account has been kept! The bondholder is in the same plight. If he has been "living on his interest" the purchasing power of his principal has been decreasing, so that really, although without knowing it, he has been living on capital.

Trust funds, philanthropic foundations, hospitals and endowed universities have really lost almost half the value of their pre-war endowment during the war, for their funds were invested in bonds.

Likewise the salaried men and the wage-earners suffer — that is, the cost is borne by those with relatively "fixed" incomes.

The kernel of the matter is that those who made the greatest sacrifices because of the war were not those who paid over the taxes but those having so-called "fixed" or relatively fixed incomes. This great class — bondholders, salaried men and wage-earners — have often had to sacrifice almost half their real income or purchasing power. This was their in-

direct tax and was far more burdensome than any direct war taxes.

The truth is, the war was largely paid for, not by taxes or loans but by the High Cost of Living. The result is that the effort to avoid discontent of taxpayers has created or rather aggravated the discontent over high prices. Every rise in the cost of living brings new recruits to the labor malcontents who feel victimized by society and have come to hate society.

They cite, in their indictment, the high price of necessities and the high profits of certain great corporations, both of which they attribute, not to the aberrations of our monetary yardstick but to deliberate plundering by "profiteers" or a social system of "exploitation." They grow continually more suspicious and nurse an imaginary grudge against the world. We are being threatened by more quack remedies — revolutionary socialism, syndicalism, and Bolshevism. Radicalism rides on the wave of high prices.

As a matter of fact, the real wages in 1918, that is, their purchasing power, was only 80 per cent. of the real wages of 1913. That is, while the retail prices of food advanced 68 per cent., wages in money advanced only 30 per cent. The real wages of 1913 were in turn less than in earlier years.

Thus there is, now, and long has been a real basis for labor discontent.

Lord D'Abernon, in a recent speech in the House of Lords, says: "I am convinced and cannot state too strongly my

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belief that 80 per cent. of our present industrial troubles and our Bolshevism which is so great a menace to Europe are due to this enormous displacement in the value of money."

When the history of this war is written, it may well be that we shall find that the growing popular unrest caused, just before the war, by the high cost of living, the atmosphere of suspicion engendered, and the desire for relief through a policy of commercial expansion, had something to do in giving a pretext for, if not causing, the great war itself. In fact, before the war, rising costs of living were manufacturing socialists all over the world, including Germany, and the German Government may have weighed, as one of the expected dynastic advantages of war, the suppression of the growing internal class struggle which this high cost of living was bringing on apace.

What can be done about it? So far as the past is concerned, comparatively little. Bygones must largely be bygones. So far as wages and salaries are concerned, the remedy must be to raise them rather than to lower the High Cost of Living. While some kinds of work have had excessive wages during the war, this had not been true in general, public opinion to the contrary notwithstanding. I quite agree with Mr. Gompers that the wage level should not be lowered if it could. On the contrary, it should be raised to catch up with prices, just as was done after the Civil War. But in regard to contracts little relief for past injuries can be expected. We would best use the past as a lesson for the

future. That is what I understand by "reconstruction."

The real culprit being the dollar, the real remedy is to fix the purchasing power of the dollar.

The plan I shall here outline has received the approval of a large number of leading economists, business men, and organizations, including President Hadley of Yale; a committee of economists appointed to consider the purchasing power of money in relation to the war; Frank A. Vanderlip, former president of the National City Bank of New York; George Foster Peabody, Federal Reserve banker of New York; John Perrin, Federal Reserve Agent of San Francisco; Henry L. Higginson, the veteran banker of Boston; Roger W. Babson, a statistician; John Hays Hammond, mining engineer; John V. Farwell, of Chicago, member of the Yale Corporation; United States Senator Robert L. Owen, one of the authors of the Federal Reserve Act; Ex-Senator Shafroth; the late Senator Newlands; Sir David Barbour, one of the originators of the Indian gold exchange standard; the Bridgeport Chamber of Commerce; the Society of Polish Engineers; the New England Purchasing Agents' Association. The American Federation of Labor has voted to investigate such plans.

A book on this plan is now in press (Macmillan).

Our dollar is now simply a fixed weight of gold — a unit of weight, masquerading as a unit of value. A twentieth of an ounce of gold is no more truly a unit of value or general purchasing power than a pound of sugar or a dozen eggs. It is almost as absurd to define a unit of value, or general

purchasing power, in terms of weight as to define a unit of length in terms of weight. We would scarcely define a yardstick as any stick which weighs an ounce!

What good does it do us to be assured that our dollar weighs just as much as ever? Does this fact help us in the least to bear the high cost of living? We complain of the dollar, and justly, that it will not go as far as it used to.

We want a dollar which will always buy the same aggregate quantity of bread, butter, beef, bacon, beans, sugar, clothing, fuel, and the other essential things that we spend it for. What is needed is to stabilize or standardize the dollar just as we have already standardized the yardstick, the pound weight, the bushel basket, the pint cup, the horse-power, the volt, and, indeed, all the units of commerce except the dollar.

All these units of commerce have passed through the evolution from the rough and ready units of primitive times to the accurate ones of to-day, when modern science puts the finest possible point on measurements of all kinds. Once the yard was defined, in a rough and ready way, as the girth of the chieftain of the tribe and was called a gird. Later it was the length of the arm of Henry the First, later the length of a bar of iron in the Tower of London, and still later a certain fraction of a more exact metal meter in Paris.

Except the dollar, none of the old rough and ready units are any longer considered good enough for modern business. The dollar is the only survival of those primitive crudities. Imagine the modern American business man tolerating a

yard defined as the girth of the President of the United States! Suppose contracts in yards of cloth to be now fulfilled which had been made in Mr. Taft's administration!

We tolerate our erratic dollar only because the havoc it plays is laid to other agencies. If its victims knew the truth about the dollar it would be put in a strait-jacket at the very next session of Congress.

In order to secure a dollar constant in its purchasing power over goods in general, it should, in effect, be a composite of those very goods in general. For instance, we might imagine a composite commodity dollar consisting of 2 board feet of lumber;  $\frac{1}{20}$  of a bushel of wheat;  $\frac{1}{2}$  of a pound of meat; 30 pounds of coal; 1 pound of sugar; 1 ounce of butter; one egg;  $\frac{1}{100}$  of a pair of shoes, etc.

That assortment would always cost a dollar simply because a dollar is that assortment. In short, it would be just as simple then to keep the price of the composite package of say 100 commodities invariable (however widely its constituents might vary among themselves) as it is now to keep the price of gold invariable. The price of that composite would always be a dollar, just as to-day the price of gold is always \$20.67 an ounce.

Perhaps some scornful critic is now eager to point out how inconvenient, not to say grotesque, such a dollar would be if it were in circulation or were used for export or import. With its 30 pounds of coal, it is far too heavy to carry; with its wood and hay, it is far too bulky for the pocket; its



solitary egg would spoil; while to divide a pair of shoes into a hundred parts would ruin them. Gold is to be preferred because it is imperishable, easily divisible, easily portable, and easily salable.

And these are precisely the attributes which led us to select gold; and not, as some people mistakenly assume, any attribute of stability.

By all means, then, let us keep the metal gold for the good attributes it has — portability, durability, divisibility, salability — but let us correct its instability, so that one dollar of it will at all times buy approximately that composite basketful of goods. Money to-day has two great functions. It is a medium of exchange and it is a standard of value. Gold was chosen because it was a good medium, not because it was a good standard.

And so, because our ancestors found a good medium of exchange, we now find ourselves saddled with a bad standard of value! The problem before us is to retain gold as a good medium and yet to make it into a good standard; not to abandon the gold standard but to rectify it; not to rid ourselves of the gold dollar but to make it conform in purchasing power to the composite or goods-dollar.

Under the plan here to be presented, gold is retained as the ultimate means of redemption. There would be essentially the same mechanism by which gold freely enters or leaves the circulation. But the gold dollar would become a standard of value instead of a standard of weight. We now have a gold

standard that is forever fluctuating. It is a gold standard with the "standard" left out! The proposal is really to put the standard into the gold standard — to standardize the dollar.

The method of rectifying the gold standard consists in suitably varying the weight of the gold dollar. The gold dollar is now fixed in weight and therefore variable in purchasing power. What we need is a gold dollar fixed in purchasing power and therefore variable in weight. I do not think that any sane man, whether or not he accepts the theory of money which I accept, will deny that the weight of gold in a dollar has a great deal to do with its purchasing power. More gold will buy more goods. Therefore more gold than 25.8 grains will, barring counteracting causes, buy more goods than 25.8 grains will buy. If to-day the dollar, instead of being 25.8 grains, or about one-twentieth of an ounce, of gold, were an ounce or a pound or a ton of gold, it would surely buy more than it does now, which is the same thing as saying that the price level would be lower than it is now.

A Mexican gold dollar weighs about half as much as ours and has less purchasing power. If Mexico should adopt the same dollar that we have and that Canada has, no one could doubt that its purchasing power would rise — that is, the price level in Mexico would fall. Since, then, the heavier or the lighter the gold dollar is the more or the less is its purchasing power, it follows that, if we add new grains of gold to the dollar just fast enough to compensate for the loss

in the purchasing power of each grain, or vica versa, take away gold to compensate for a gain, we shall have a fully "compensated dollar," stationary instead of fluctuating, when judged by its purchasing power.

But how, it will be asked, is it possible, in practise, to change the weight of the gold dollar? The feat is certainly not impossible, for it has often been accomplished. We ourselves have changed the weight of our gold dollar twice — once in 1834, when the gold in the dollar was reduced 7 per cent., and again in 1837, when it was increased one-tenth of 1 per cent. If we can change it once or twice a century, we can change it once or twice a month!

And if we circulate paper representatives of gold exclusively, instead of including any gold coins, these frequent changes in the weight of the gold dollar can be made even more easily than the occasional changes were made which history records. In actual fact, gold now circulates almost entirely through "yellowbacks," for gold certificates. The gold itself, often not in the form of coins at all but of "bar gold," lies in the Government vaults.

A bar of gold nine-tenths fine weighing 25,800 grains is just as properly to be called one thousand dollars of 25.8 grains each as if that bar were cut up into a hundred separate pieces and each were stamped into a ten-dollar gold piece. The thousand gold dollars already exist embedded or welded together in that gold bar, while the right of ownership in them circulates in the form of the paper "yellowbacks."

It would, therefore, be a little more than expressing in law an existing custom if gold coins were abolished altogether.

The abolition of gold coin would make no material change in the present situation. Gold would, just at present, be brought by the gold miner to the mint or the assay office or other Government depository, and he would, just as at present, receive paper tokens or yellowbacks in return. This sale of gold to the Government for yellowbacks — that is, this free deposit — is really the essence of the so-called “free coinage.” It is thus that gold gets into circulation, through its representatives, the yellowbacks.

Moreover, the gold in the Treasury would serve, just as at present, for the redemption of the gold certificates. The jeweler, or gold exporter, would, just as at present, obtain gold for his purposes by exchanging yellowbacks for gold at the Treasury.

Thus free coinage (or deposit) and free redemption would go on substantially as at present, the one increasing and the other decreasing the volume of certificates — that is, the virtual gold in circulation. The essential mechanism of our gold-standard system may be pictured as a lake of gold in circulation in the form of yellowbacks fed by “free coinage” (or deposit) by miners, and drained by free redemption, or withdrawal by jewelers or exporters.

If gold thus circulated only in the form of paper representatives it would evidently be possible to vary at will the weight of the gold dollar without any such annoyance or

complication as would arise from the existence of coins. The Government would simply vary the quantity of gold bullion which it would exchange for a paper dollar — the quantity it would give or take at a given time. As readily as a grocer can vary the amount of sugar he will give for a dollar, the Government could vary the amount of gold it would give for a dollar. To-day the Government will give 25.8 grains of gold bullion to the jeweler or exporter for each dollar of certificates he pays in; next month it might give 26 grains or only 24 grains.

But, it will now be asked, what criterion is to guide the Government in making these changes in the dollar's weight? Am I proposing that some Government official should be authorized to mark the dollar up or down according to his own caprice? Most certainly not. A definite and simple criterion for the required adjustments is at hand — the now familiar "index number" of prices. The Bureau of Labor Statistics, which now publishes an index number, the Bureau of Standards, or other suitable Government office would be required to publish this number at certain stated intervals, say monthly.

That is, each month the bureau would calculate from current market prices how much would have to be paid for the composite basket of goods. This figure it would publish and proclaim; and this figure would then afford the needed official sanction to the Secretary of the Treasury to change the rating of the gold dollar — that is, to change the amount of gold

which the mint would give or take for a gold certificate, and thus increase or diminish the purchasing power of that certificate.

If, for instance, the index number representing the current price of our composite basket of goods is found to be 1 per cent. above the ideal par — that is, above the one dollar price it had at first — this fact will indicate that the purchasing power of the dollar has gone down; and this fact will be the signal and authorization for an increase of 1 per cent. in the weight of the gold dollar. What is thereby added to the purchasing power of the gold dollar will be automatically registered in the purchasing power of its circulating certificate.

If you ask how I know that this 1 per cent. increase in the weight of the gold dollar is just sufficient to drive the index number back to par, I answer that I don't know, any more than I know, when the steering wheel of an automobile is turned, that it will prove to have been turned just enough and not too much. Many things may interfere in a month. But if the correction is not enough, or if it is too much, the index number next month will tell the story. Absolutely perfect correction is impossible, but any imperfection will continue to reappear and so cannot escape ultimate correction.

Suppose, for instance, that next month the index number is found to remain unchanged at 101. Then the dollar is at once loaded an additional 1 per cent. And if, next month, the index number is, let us say,  $100\frac{1}{2}$ . (that is, one-half of

1 per cent. above par), the one-half of 1 per cent. will call for a third addition to the dollar's weight, this time of one-half of 1 per cent. And so, as long as the index number persists in staying even a little above par, the dollar will continue to be loaded each month, until, if necessary, it weighs an ounce or a ton, for that matter. But, of course, long before it can become so heavy, the additional weight will become sufficient; so that the index number will be pushed back to par — that is, the circulating certificate will have its purchasing power restored.

This plan would put a stop, once for all, to a terrible evil which for centuries has vexed the world, the evil of dislocating contracts and monetary understandings. All contracts, at present, though nominally carried out, are really tampered with as truly as if false weights and measures were used for delivering coal or grain. Business, now periodically disturbed by the pranks of our mischievous dollar, would be put on a securer foundation than ever before; for the greatest and most universal uncertainty or gamble, all the more disastrous because unseen — the gamble in gold — would be removed.

The world is now looking to us, as never before, for leadership. It is our golden opportunity to set world standards. If we adopt a stable standard of value, it seems certain that other nations, as fast as they can straighten out their affairs, resume specie payments, and secure, again, stable pars of exchange, will follow our example. After gold and silver fell

apart in 1873, the nations, one after another, adopted the common standard of gold; and now, after the falling asunder of all the pars of international exchange from this world war, the new order will probably be set by whatever nation first seizes the opportunity and takes the lead.

The more the evidence in the case is studied the deeper will grow the public conviction that our shifting dollar is responsible for colossal social wrongs and is all the more at fault because these wrongs are usually attributed to other causes. When the intelligent public who can apply the remedy realize this, action will follow and we shall secure a boon for all future generations, a true standard for contracts, a stabilized dollar.

## RISING PRICES AND SECURITY VALUES

BYRON W. HOLT <sup>1</sup>

Rapidly rising prices are a most powerful revolutionary force in commerce, industry, society, and politics. They play havoc with interest rates, realty values, operating costs, and incomes. They produce great changes in the distribution of wealth. They promote speculation, extravagance, and thriftlessness.

In 1906, in "The Gold Supply and Prosperity," I said:

<sup>1</sup> *The Review of Reviews*, September, 1919.



Rising prices of commodities and property encourage speculation in commodities, stocks and real estate and discourage honest industry. A prolonged period of rapidly rising prices is reasonably certain to become a period of unrest, discontent, agitation, strikes, riots, rebellions, and wars.

This was written in 1906 after the price level had, as a result of gold depreciation, risen about 40 per cent. in ten years. At Chautauqua, on July 13, 1914 (when prices were about 60 per cent. higher than in 1896), I said that because the effects of rising prices are cumulative "the radicalism of the next decade will probably exceed that of any decade in the world's history."

These statements and predictions were postulated on gold depreciation and the expectation that prices would continue to advance for ten years at an average rate of 2 to 3 per cent. a year.

The predictions of 1906 and 1914 would probably have been verified even if the world war had not occurred and caused prices to advance 129 per cent. from August 1, 1914, to August 1, 1919, according to Bradstreet's index number of prices.

This unexpected, and perhaps unparalleled, advance in prices has shaken the industrial, commercial, financial, and political world as it was never before shaken; has produced seething discontent and labor and political disturbances; and has to-day made the high cost of living the paramount question in all the nations of the earth. If prices continue to

advance as rapidly as they have been advancing in the last three months (16 per cent.), the score or more of minor wars now disturbing Europe may develop into another major war, even before the peace treaty is ratified or the League of Nations is born.

Necessarily, then, so powerful and revolutionary a force as is a prolonged period of rapidly rising prices, must greatly affect security values. Generally speaking, it depreciates the values and prices of bonds and preferred stocks, and appreciates the values and prices of common stocks. The exceptions as to stocks are, however, very numerous.

When prices are rising rapidly there is a great demand for money to invest in property that is appreciating in value. Such property includes not only the commodities themselves but land, buildings, machinery, mines, docks, ships, cars, etc. When these are rising rapidly in value every one whose eyes are open is borrowing money from those who are blind to the speculative opportunities that exist.

Thus, wide-awake manufacturers and merchants are borrowing money with which to buy more materials and goods than they need for immediate use. Farmers are buying more land, and real-estate men more lots and houses than they need. Everybody is speculating in commodities and opportunities of production and is trying to get ahead of everybody else. The monopoly and forestalling game goes on at an accelerating speed as prices rise faster and faster.

It is evident that the more rapidly prices are rising the

greater will be the speculative demand for money and the higher will be the rates of interest. Money rates are nearly always high in periods of rising prices, and low in periods of falling prices.

Long-continued high money rates mean low prices for bonds and preferred stocks. It is largely because prices have risen more rapidly in the last three years than ever before and interest rates have been extremely high that many good bonds and preferred stocks have sold at record low prices, since 1916 and are now not far from their bottom prices. They are not likely to advance much until permanently lower interest rates are in sight. Interest rates will not decline much until prices cease to rise rapidly. If, however, prices were stabilized, interest rates and the prices of bonds and stocks with fixed incomes would quickly tend toward normal.

The rise of prices due to more and cheaper money is accentuated by speculation or "profiteering." A land craze is now raging in the West. Many farms in Iowa have risen \$100 an acre in four months. Some of them are being bought and sold several times a month on 5 and 10 per cent. margins. Thousands of land, food, and clothing speculators are to-day riding in limousines, smoking expensive cigars and living riotously and extravagantly on their paper or speculative profits. Because speculation is being overdone there will be a collapse some day. It is not certain that this day will be postponed by all of the belated efforts of politicians to reduce the high cost of living. The situation calls for states-

men and economists. Further meddling with economic laws may result in more harm than good.

Of course, when property values are rising rapidly the common stocks of corporations that own these properties tend to advance. If, as is usually the case, the properties are mortgaged, the common stocks will, other things being equal, advance not only to keep pace with the rise in the property but to offset the shrinkage in the value of the bonds. Thus, if a corporation with \$1,000,000 of bonds and \$1,000,000 of stock owned lands or mines that were worth \$2,000,000 in 1915, and its lands or mines have since doubled in value, the present value of the stock is \$3,000,000. The great rise in industrial stocks in the last three years is largely accounted for by the increased equities resulting from higher prices for real property.

The common stocks that have not advanced in price are mostly those of public-service and of gold-mining corporations, the prices of whose products or services are fixed by law or custom. These include the stocks of railroads, street railways, gas, water, electric-light, telephone corporations, etc., none of which are free, as are most manufacturing and producing corporations, to advance the prices of what they have to sell and, in this way, to recoup their losses from increasing costs of operation.

The great declines in the prices of the stocks of our railroads and street railways, in the last few years, are due to the inability of these corporations to offset their increased labor

and material costs by higher prices for their products. A large proportion of our street railways, whose fares have not been increased, are now in the hands of receivers. A very large percentage of our railroads would now be bankrupt, if the Government had not advanced rates 25 per cent. and guaranteed net earnings far above those actually being realized.

It may be opportune to suggest some of the more important ways in which rising prices affect security values. Because the prices of bonds decline and the prices of most industrial stocks advance under the influence of rising prices, those who invested carefully and cautiously in 1914 have lost heavily during the last three years, while those who have been reckless and have speculated in industrial stocks have rapidly grown rich. Those who borrowed freely and went into debt in order to buy industrial stocks or tangible property have prospered, while those who saved and loaned money have, through the shrinkage in the value of the dollars loaned, really lost a large part of their savings. In this way rising prices, by decreasing the incomes from "safe" investments in high-grade bonds and preferred stocks and by increasing the profits of speculators, encourage extravagance, recklessness, thriftlessness, and dishonesty.

Rising prices work to the advantage of the debtors — the rich — and to the disadvantage of the creditors — the middle class. All who have money in savings or other banks or who

hold insurance policies are creditors. There are, perhaps, three times as many creditors as debtors.

The wage and salary-earning class also suffers when prices rise, for wages and salaries (especially the salaries of teachers, policemen, etc.) do not advance as fast as do prices. Discontent is thus engendered.

Instability in the dollar makes business a gamble and leads to uncertainty and insecurity. Stability, if it can be secured by Professor Fisher's standardized dollar, or in any other way, would, as I believe, soon quiet the present discontent, stop baneful speculation and extravagance, and lead the world back to thrift and contentment.



# XVII

## SEVEN PROPOSED RAILWAY PLANS <sup>1</sup>

RICHARD WATERMAN

The Chamber of Commerce of the United States has prepared a chart to show in convenient form for comparison seven proposed plans for railroad legislation.

The Transportation Conference plan was proposed by the National Transportation Conference which was held under the auspices of the Chamber of Commerce of the United States, and included in its membership prominent men belonging to every important interest affected by transportation — commercial, industrial, agricultural, financial, labor, governmental, economic, civic, and social. The fundamental features of this plan are printed below. They have been approved by a referendum vote of the business men of the country. Certain additional features of the Conference plan are in harmony with the remainder of the plan, but have not yet been submitted to a referendum vote.

The plans are considered under these headings: Ownership and operation, consolidation and competition, Federal

<sup>1</sup> Legislation Offered for Solution of Problem Summarized by National Chamber of Commerce.



incorporation, security issues and capital expenditures, adequate revenues, wages and working conditions, and Federal agencies of regulation.

### I. SENATE COMMITTEE PLAN

The Cummins bill, S-2906, presents the recommendations of the subcommittee of the Senate Committee on Interstate Commerce. It provides for:

Ownership and operation of all the railroads in the United States by twenty to thirty-five separate competing systems.

Consolidation of all railroad properties into twenty to thirty-five systems in accordance with a plan previously adopted by the Railway Transportation Board and approved by the Interstate Commerce Commission — consolidation to be voluntary if accomplished within seven years, and if not, compulsory.

Federal incorporation of all railroads with a requirement that each corporation shall include in its board of directors two representatives of classified employees and two representatives of the Government.

Exclusive regulation and control by the Interstate Commerce Commission of the issuance of railway stocks and bonds and of the purposes to which the proceeds thereof may be applied.

Initiation of rates by carriers subject to the approval of the Interstate Commerce Commission.

Requirement that the Interstate Commerce Commission

shall divide the country into rate districts and the carriers into rate groups for rate-making purposes.

Regulation of all rates that affect interstate commerce by the Interstate Commerce Commission under a statutory rule providing that in making rates for the several rate groups the commission shall take into consideration the interests of the public, the shippers, the wages of labor, the cost of maintenance and operation, including taxes and a fair return on the value of the property.

Creation of a committee of wages and working conditions, (four employees and four representatives of the companies,) to settle disputes with appeal to the Transportation Board in case of deadlock.

Declaration that decisions of the board — i. e., of the Government — shall be final, and that railroad strikes and lockouts are forbidden.

Continuance of the Interstate Commerce Commission with enlarged powers to regulate rates and security issues.

Creation of a Railway Transportation Board with five members appointed by the President to perform many important executive and administrative functions, including some now performed by the Interstate Commerce Commission.

## II. COMMERCE COMMISSION PLAN

The Esch-Pomerene bill, H. R. 4378, presents the plan proposed by the Interstate Commerce Commission. It provides for:

Ownership and operation of all railroads by private corporations under broad Federal supervision.

Consolidation of existing railroad systems when approved by the Interstate Commerce Commission.

Opposition to Federal incorporation as a complicated, protracted, and probably unconstitutional method.

Full control by the Interstate Commerce Commission over stock and bond issues and over the expenditure of the proceeds.

Regulation of rates by the Interstate Commerce Commission under the provisions of the act to regulate commerce, with amendments shortening the period of suspension of rates, authorizing the commission to determine the division of rates between carriers, to consider the cost of service principle in fixing rates, and to exercise other broad powers affecting the general rate structure.

Maintenance of the Interstate Commerce Commission with all of its present powers, and, in addition, authority to regulate carriers by water; to control consolidations, joint use of facilities and the pooling of freight earnings; to authorize additions, extensions, and the construction of new lines; to adjust conflicts between Federal and State jurisdictions; and to control security issues and capital expenditures.

This plan contains no declaration on wages and working conditions.

### III. RAILWAY EXECUTIVES' PLAN

The tentative draft of a bill laid before the House Committee by T. D. Cuyler, President of the Association of Railway Executives, provides for:

Ownership and operation of all railroads by private corporations under a broad national control and a unified system of government regulation.

Consolidation of existing lines into strong competitive systems wherever found to be in the public interest; and also provision for joint use of equipment and terminals when in the public interest.

Provision for permissive Federal incorporation of all interstate carriers.

Exclusive national control of the issue of securities and the expenditure of new capital — this control to be exercised by the Federal Transportation Board.

Initiation of rates by the carriers.

Exclusive regulation of rates by the Interstate Commerce Commission with the aid of regional sub-commissions under a statutory rule prescribing that the level of rates shall provide revenue sufficient to pay wages and other expenses of operation and a fair return on the value of the property used in the public service and to establish and maintain a credit.



## XVIII

# THE SETBACK OF SOCIALISM <sup>1</sup>

HERBERT HOOVER

"I have been asked to speak to you on some of the impressions that I have gained during my service in Europe since the armistice. Two convictions are dominant in my mind. The first comes from contact with stupendous social ferment and revolution in which Europe is attempting to find solution for all its social ills by practical experiments in Socialism. My conviction is that this whole philosophy is bankrupting itself from a startling quarter in the extraordinary lowering of productivity of industrial commodities to a point that, until the recent realization of this bankruptcy, was below the necessity for continued existence of their millions of people.

"My second conviction is older but has been greatly hardened, and that is a greater appreciation of the enormous distance that we of America have grown away from Europe in the century and a half of our national existence, in our outlook on life, our relations towards our neighbors and

<sup>1</sup> Before the American Institute of Mining and Metallurgical Engineers in New York, September 16, 1919, as reported in the daily press.

our social and political ideals. The supreme importance of this Americanism neither permits us to allow the use of this community for experiment in social diseases, nor does it permit us to abandon the moral leadership we have undertaken of restoring order in the world.

"During the last ten months I and my colleagues have occupied a unique position in intimate witness of the social currents that have surged back and forward across Europe.

"The enemy collapsed not only from military and naval defeat but from total economic exhaustion. In this race to economic chaos the European Allies were not far behind.

"By this exhaustion the whole of Europe stood facing a famine, the like of which has not been seen since the Thirty Years' War, when a third of the population died of starvation. In the midst of all this was the struggle of a score of new democracies to establish themselves, with friction along every frontier and with the destruction of governmental institutions without financial resources to buy supplies, with the miseries of their people offering fertile soil for every economic patent medicine and for all the forces of disorder, Bolshevism and anarchy, and, overhanging all, there could be no hope of restoring normal economic life until the completion of peace. In all this situation, with its desperation, greed, century-old animosities, its idealistic and proper aspirations, there was only one hope. That hope, expressed by every city and State, was that the American people, being the one disinterested and uncrippled economic and political

force still existing in the world, should again intervene. It was in response to this call that the President, comprehending the real heart of the American people, intervened in Europe a second time and took those steps which resulted in a practical economic organization of Europe pending the consummation of peace and the arrival of the forthcoming harvest.

"This second intervention was the problem of finding a large margin of foodstuffs and other supplies for the whole of Europe — Allies, liberated peoples, neutrals and enemies; and in a mass of at least 200,000,000 of these people formerly under enemy domination it was a problem of finding absolute economic rehabilitation. Further than this, it was a problem of warding off Bolshevism on one side and reaction on the other, in order that the new-born democracies could have an opportunity of growth.

"Its practical consummation was a problem of the organization of the economic strength of the United States and its co-ordination with the remaining economic strength of Europe, and, in large areas, the imposition of absolute dictatorship over economic forces. Thus the shipping of the world required sufficient co-ordination to transport 30,000,000 of tons of supplies from all quarters of the globe to Europe. It required the provision of credits to those countries whose total exhaustion abolished all hope of normal payment. It required the insistence upon payment from those who had gold or commodities. It required sufficient co-ordination of purchase in this vast quantity of supplies



that the markets of the world should be affected in the least possible degree.

“ It was necessary to secure the erection within their Governments of actual departments, to furnish them advisers, to take over the actual operation of thousands of miles of disintegrated railway systems, to open rivers and canals for traffic, to stimulate the production of coal and other primary commodities, to control their distribution through large areas, to find a basis for exchange of surplus commodities from one state to another, to exercise the strongest political pressure to obtain the disgorgement of surpluses into areas of famine, to resort to barter on a national scale where currencies had broken down, to stimulate peoples discouraged and disheartened to efforts in their own salvation, and finally, but not least, to intervene a charitable hand in the saving of their children and the stamping out of contagious diseases, and through all of this economic disorganization to inspire the maintenance of order on one hand and the defeat of reaction on the other.

“ The service of American people has been accomplished at no mean national sacrifice. From the armistice to this year's harvest there has been furnished over two and a quarter billion dollars' worth of supplies, the majority of which has been given freely upon the undertaking of the assisted Governments of repayment at some future date. There has been no demand of special security; no political or economic privileges have been sought. It may be years

before we receive any return from these loans, but if that period should never come, the American people, by this second intervention in Europe, have saved civilization, and have done so with no thought to the burden or cost to themselves. These matters have been brought to a successful close with the arrival of the harvest and the prospect of peace.

“What the future has a right to demand from us in further economic support is not yet clear, but it is at least certain that if the world cannot quickly secure the settlement of peace and safeguards for the future through the League, the whole of our two great interventions in Europe will have gone for nothing, and the menace of reaction will again return against us upon the wings of chaos.

“As the executive head of this Allied effort in economic control, I have thus had an intimate contact with the common people and their officials. I have witnessed their improving physical condition, the constant change of currents of social, political and economic forces, their revolutions, and I have had to deal intimately with the results of all these phenomena. During this period since the armistice we have witnessed social and political revolution among one-third of the civilized world, and we see the remainder in great social tribulation. No contemporary can properly judge or balance the relative volume of great currents of social agitation. They are matters of mind and not of matter.

“This cataclysm of social change in Europe is the result

of the long cumulation of social as well as political wrongs; it is no sudden afterthought of war. These forces were projected into actual realization by the collapse of the war, the breakdown in the political institutions that had preceded it, and the misery that has flowed from it. Our soil is not so fertile as that of Europe to many of these growths, because we have a larger social conscience. We have not the vivid class and economic distinctions of Europe, nor have we the depth of misery out of which these matters can crystallize.

“These vast masses of humanity in Europe have long been groping for the method of nearer equality of opportunity and better distribution of the results of industrial production. These gropings and these attempts have in recent years been dominated by Marxian Socialism, developed in different degrees of intensity. Broadly, these revolutions have taken two forms, the Bolshevik form and the milder form of legislative nationalization of industry. I believe we are now in position to take some stock of and form some judgment as to the adequacy of these solutions for what I believe every liberal-minded man believes is a necessity—the better division of industrial production.

“We require only a superficial survey to see that the outstanding and startling economic phenomenon of Europe today is its demoralized industrial production. Of the 450,000,000 people in Europe, a rough estimate would indicate that they are at least 100,000,000 greater than could be supported on the basis of production, which has

never before reached so low an ebb. Prior to the war this population managed to produce from year to year but a trifling margin of commodities over the necessary consumption and to exchange for supplies from abroad.

"It is true that some of the diminution in production has been contributed by the other factors, but in the larger degree the cause of this steady decrease of productivity must be sought in the social ferment, with its continuous imposition of Socialist ideas. In this ferment the advocates of Socialism or Communism have claimed alone to speak for the downtrodden, alone to bespeak human sympathy and alone to present remedies, to be the single voice of liberalism.

"We may examine these phenomena a little more closely. In Russia we have a great country in which the population, with the exception of a small minority, were comparatively well fed, warmly clothed and warmly housed. They were subject to the worst of political tyranny, were deliberately steeped in ignorance and superstition. Socialism was brought in overnight at the hands of a small minority of intellectual dilettante and criminals, and this tyranny of minority, more terrible even than the old, has now had nearly two years in which to effect the conversion of the wicked competitive system into the elysium of Communism. Two-thirds of the railways and three-fourths of the rolling stock that they control are out of operation. The whole population is without any normal comforts of life and plunged into the most grievous famine of centuries. Its

people are dying at the rate of hundreds of thousands monthly from starvation and disease. Its capital city has diminished in population from nearly 2,000,000 to less than 600,000. The streets of every city and village have run with the blood of executions, nor have these executions been confined to the so-called middle and upper classes, for latterly the opposition of the workmen and farmers to this régime has brought them also to the firing squad in appalling numbers."

Mr. Hoover then told how the Bolshevik leaders were seeking to modify their economic programme, truckling to skilled labor, abandoning confiscation of lands. He called attention to the great failure of Bela Kun and his Bolshevik experiment in Hungary, and reviewing the Socialistic experiments attempted in Europe, he concluded that Socialism had bankrupted itself. He said he believed it was necessary for the world to have had this experiment. "Great theoretic and emotional ideas have arisen before in the world's history, and have, in their bankruptcy, deluged the world with fearful loss of human life," he continued. "A purely philosophical view might be that these experiences are necessary to humanity, groping for something better. It is not necessary, however, that we of the United States, now that we have witnessed these results, need plunge our own population into these miseries and into a laboratory for experiment in foreign social diseases.

"The paramount business of every American to-day is this business of finding a solution to these issues, but this solution

must be found by Americans, in a practical American way, based upon American ideas, on American philosophy of life. A definite American substitute is needed for these disintegrating theories of Europe. It must be founded on our national instincts and upon the normal development of our national institutions. It must be founded too upon the fundamental fact that every section of this nation, the farmer, the industrial worker, the professional man, the employer, are all absolutely interdependent upon each other in this task of maximum production and the better distribution of its results. It must be founded upon the maximum exertion of every individual within his physical ability and upon the reduction of waste both nationally and individually.

“Again I wish to repeat, the observation of these forces in Europe has reinforced my Americanism during these last ten months of intimate contact with them; it has revealed to me the distance of our departure from the political, social and economic ideals of Europe. There has grown in this United States a higher sense of justice, a neighborly service, of self-sacrifice, and above all a willingness to abide by the will of the majority in every section of this community. Our sister civilization in Europe is to-day recovering from a great illness. The many new democracies that we have inspired are striving for our ideals. We alone have the economic and moral reserve with which to carry our neighbor back to strength. To do this is also true Americanism.”



## XIX

# BOLSHEVISM: THE HERESY OF THE UNDERMAN <sup>1</sup>

LOTHROP STODDARD

Nineteenth-century materialism spawned two great heresies, the heresy of the overman and the heresy of the underman. The heresy of the overman flowered in Prussianism; the heresy of the underman flowers in Bolshevism. Both are deadly to our civilization. Prussianism would send us saber-rattling back to the gorgeous barbarism of Assyria; Bolshevism would suck us down into the slattern savagery of the Congo.

Modern civilization rests upon two ideals, liberty and democracy. Ever since the Renaissance and the Reformation freed man from the penthouse of the Middle Ages and set his face toward new stars, these two forces, however imperfectly understood, have been molding the idealistic framework of our world. By the beginning of the nineteenth century the broad lines of this framework were fairly fashioned.

Then came the materialistic age. Man had just plucked a talisman from Nature's girdle, and within a few short

<sup>1</sup> Reprinted by permission from *The Century*, June, 1919.



decades his developed science and invention utterly transformed the face of things. This transformation was absolutely unprecedented in the world's history. Hitherto man's material progress had been a gradual evolution. With the exception of gunpowder he had tapped no new sources of material energy since very ancient times. The horse-drawn mail-coach of our great-grandfathers was merely a logical elaboration of the horse-drawn Egyptian chariot; the wind-driven clippership traced its line unbroken to Ulysses's lateen bark before Troy; while industry still relied on the brawn of man or beast or upon the simple action of wind and waterfall. Suddenly all was changed. Steam, electricity, petrol, the Hertzian wave, harnessed Nature's hidden powers, conquered distance, and shrunk the terrestrial globe to the measure of human hands. Man entered a new world.

Man entered a new material world. Almost overnight his material environment had altered not merely in degree, but in kind. That meant necessity for profound adaptation to novel circumstances. Man concentrated intensively, exclusively upon the problem. He felt instinctively that he could thus concentrate because he believed that the idealistic conquests of preceding centuries had given him sound moral bases upon which to build the new material edifice.

Unfortunately, that which had at first been merely a means to an end presently became an end in itself. Losing sight of his idealisms, nineteenth century man quickly evolved a thoroughly materialistic philosophy. Those per-

sons satisfied with the trend of the times mirrored this philosophy in quiet and pleasing fashion. The English mid-Victorians, with their sweetly reasonable "economic man" and their law of inevitable progress leading to a calico millennium, certainly envisaged no volcanic morrow. But those at odds with the times developed less admirable points of view. To be sure, they were poles asunder among themselves. Some wanted merely to slant the existing order to their own special profit, while others desired to abolish the existing order and establish a radically new scheme of things in its place. But philosophically they were akin. Materialists, like every one else, they both looked to material goals attained by material means, primarily by force. Thus germinated the twin-heresies of force, bedded in materialism and sired by the will to power. Cult of overman and cult of underman, Prussianism and Bolshevism, they are only the opposite sides of the shield.

The cult of the overman need not detain us. The late war has fully instructed us as to its nature, and in Prussianism it reached its logical conclusion. The cult of the underman is our present concern. Its incipient phase was Marxian socialism. Of course there were socialists before Marx, but it was Karl Marx who really popularized socialism and made it a world force. The kernel of socialism is the communal ownership of capital and land. According to Marx, this was to be effected by the workers, who were to dispossess the propertied classes by revolutionary

action. The revolutionary overthrow of the existing order is epitomized in Marx's famous peroration "Let the ruling classes tremble at a communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working-men of all countries, unite!"

Although written in the year 1847, this reads like a Bolshevik manifesto of to-day. As a matter of fact, however, the spirit was different. To begin with, Marx, though a preacher of revolution, was by nature an evolutionist. The core of his doctrine was that modern industrialism, by its very being, was bound rapidly to concentrate all wealth in a very few hands, wiping out the middle classes and reducing both bourgeois and working-man to a poverty-stricken proletariat. In other words, he predicted a society of billionaires and beggars. This was to happen within a couple of generations. When it did happen the wage-slaves were to revolt, dispossess the capitalists, and establish the socialist commonwealth. Thus would come to pass the social revolution. But, note: this revolution, according to Marx, was sure, soon, easy. In Marx's last stage of capitalism the billionaires would be so few and the beggars so many that the "revolution" would be merely a holiday, perhaps effected without shedding a drop of blood. Indeed, it might be effected strictly according to existing legal procedure; for once have universal suffrage, and the overwhelming majority of wage-earners could simply vote the whole new order in.

From all this it is quite obvious that Marxian socialism, however revolutionary in theory, was largely evolutionary in practice. Marxists were willing to bide their time and were apt to pin their faith on ballots rather than on barricades. Furthermore, Marxism did not assail the whole idealistic and institutional fabric of our civilization. For example, Marxian socialism might preach "class-war," but, according to the Marxian hypothesis, the "working-class" was, or soon would be, virtually the entire community. Only a few great capitalists and their hirelings were left without the pale. Again, the Marxian revolution was more a taking-over than a tearing-down. In its purview existing institution, both state and private, were largely to be preserved. As a matter of fact, Marxian socialism has shown itself everywhere a predominantly evolutionary force, ready to achieve its objectives by instalments and becoming more conservative with time. So matters stood down to the close of the nineteenth century.

But the opening decade saw a change, an ominous change. A fateful decade, truly! It marks the final elaboration of the philosophy of the overman, the embodiment of that philosophy in mature Prussianism, and Prussianism's girding-up for the 1914 spring on civilization. The same decade marks the emergence of the full-fledged philosophy of the underman and its girding-up for its present spring on civilization. This philosophy of the underman is to-day called Bolshevism. Before the Russian Revolution it was known as Syndicalism.

Bolshevism and Syndicalism are one and the same thing. Soviet Russia has invented nothing. It is merely practicing what others have been preaching for years, with such adaptations and forms as normally attend the putting of a theory into practice.

Bolshevism-syndicalism in its present form is the work of two French thinkers, Fernand Pelloutier and Georges Sorel. Of course, just as there were socialists before Marx, so there were Syndicalists before Sorel. The real progenitor of contemporary Bolshevism was probably the Russian anarchist Michael Bakunin, who away back in the middle decades of the nineteenth century strove to win the class-conscious working-men away from Marxism over to the anarchist school. But Bakunin failed, and his followers long remained a negligible group, known chiefly from sporadic bomb outrages more sensational than significant.

It was Georges Sorel who, at the very end of the nineteenth century, laid the practical foundation of Bolshevism. The hour awaited the man. The proletarian world was full of disillusionment and discontent at the long-dominant Marxian philosophy. Half a century had passed since Marx first preached his gospel, and the revolutionary millennium was nowhere in sight. Society has not become a world of billionaires and beggars. The great capitalists have not swallowed all. The middle classes still survived and prospered. Worst of all, from the revolutionary point of view, the upper strata of the working classes had prospered, too.

The skilled workers were, in fact, becoming an aristocracy of labor. They were acquiring property and thus growing capitalistic, they were raising their living standards and thus growing bourgeois. Society seemed endowed with a strange vitality. It was even reforming many of the abuses which Marx had pronounced incurable. When, then, was the proletariat to inherit the earth?

"The proletariat"—that was the new key-word. The van, and even the main body of society, might be fairly on the march, but behind lagged a ragged rear-guard. Here were first of all the lower working-class strata, the "manual" laborers in the narrower sense, relatively ill paid and often grievously exploited. Behind these again came a motley crew, the rejects and misfits of society. "Casuals" and unemployables, "down-and-outs" and *déclassés*, victims of social evils, victims of bad heredity and their own vices, paupers, defectives, degenerates, and criminals—they were all there. They were there for many reasons, but they were all miserable, and they were all bound together by a certain solidarity—a sullen hatred of the civilization from which they had little to hope. To these people evolutionary, Fabian socialism was cold comfort. Then came Georges Sorel, promising not evolution, but revolution; not in the dim future, but in the here and now; not the bloodless "taking-over" by "the workers," hypothetically stretched to include virtually the whole community, but the bloody "dictatorship" of "the proletariat" in its narrow and technical

sense. Here at last was living hope — hope and the prospect of revenge. Is it, then, strange that a few short years should have seen revolutionary socialists, anarchists, all the anti-social forces of the whole world, grouped under the blood-red banner of Georges Sorel? For a time they went under different names, Syndicalists in France, Bolsheviks in Russia, I. W. W.'s in America; but in reality they formed one army, enlisted for a single war.

Now, what was this war? It was something absolutely new in the world's history. It was not merely a war against a social system, not merely a war against our civilization; it was a war of the hand against the brain. For the first time since man was man there was a definite schism between the hand and the head. Every principle which mankind had thus far evolved, community of interest, the solidarity of civilization and culture, the dignity of labor, of muscle, of brawn, dominated and made sacred by intellect and spirit — all these the new heresy of the underman howled down and trampled in the mud. Up from the dark purlieus of the under-world strange battle-shouts came winging. The under-world was to become the world, the only world. As for our world, it was to be destroyed; as for us, we were to be killed. A clean sweep! Not even the most beautiful products of our intellects and souls interested these undermen. Why should they care when they were fashioning a world of their own? A hand-world, not a head-world. The undermen despised thought itself save as an instrument

of invention and production. Their guide was not reason, but the "proletarian truth" of instinct and passion, the deeper self below the reason, whose sublimation is the mob. Quote Georges Sorel, "Man has genius only in the measure that he does not think."

As for the citizens of the upper world, they were to be extirpated along with their institutions and ideals. According to Georges Sorel, "Violence, class struggles without quarter, the state of war en permanence," were to be the birthmarks of the proletarian revolution. The doomed classes were numerous. They comprised not merely the billionaires of Marx, but also the whole of the upper and middle classes, the land-owning country-folk, the skilled working men; in short, all except those who worked with their untutored hands, plus the elect few who philosophized for those who worked with their untutored hands. The elimination of so many classes was perhaps unfortunate. However, it was necessary, because these classes were so hopelessly capitalist and bourgeois that, unless eliminated, they would surely infect at its very birth the gestating under-world civilization.

At this point many of my readers will probably think that I have been depicting the ravings of minds crazed by the torments of the late war. Not at all. What I have been describing is the Syndicalist philosophy as it stood in 1914. Every item in that program has been drawn from Syndicalist pronouncements made before the fatal revolver shots at



Serajevo. We must recognize once and for all that soviet Russia is not a mere war distemper, but the Muscovite manifestation of a movement which had formulated its philosophy and infected the whole civilized world before. Thus when we come to contemplate Russian Bolshevism in action, we shall view it not as a purely Russian phenomenon, but as a local phase of something which must be faced, fought, and mastered in every quarter of the earth.

The Great War was, of course, a great boon to the undermen. The writings of Lenine and Trotzky in its early days mirror their terrible glee. They realized that, even though completely victorious over the Prussian assailant, civilization would emerge from the battle so bled, dazed, and tired that it might fall an easy prey to the onslaught of a second foe. The Russian Revolution of March, 1917, gave the undermen their opportunity. That Revolution was not primarily their work, but they resolved to garner its fruits. They knew what they were about, and they drove remorselessly toward their goal. For a few short months they let the cadets dream democracy and the socialists spout Marx. Then they struck, and Bolshevism became a red reality.

Bolshevism has ruled Russia for nearly two years, and Russia is utterly ruined. She ekes out a bare existence on the remains of past accumulations, on the surviving scraps of her material and spiritual capital. Everywhere are hunger, cold, disease, terror, physical and moral death. The underman is making his clean sweep. The classes are being

eliminated according to the best preachments of Georges Sorel. Legal executions have neared one hundred thousand, extra legal "proletarian spontaneity" has accounted for an even larger number, while ten millions of specially offensive bourgeoisie have been slated for eventual elimination by the virtual suppression of their food rations, the soviet government allowing them, in Lenine's jocose phraesology, "bread enough to prevent them from forgetting its smell." Judging by the present mortality rate, next winter will be the last of these "walking shadows" disappear. Meanwhile, Lenine, surrounded by his Chinese executioners, sits behind the Kremlin walls, a modern Jenghiz Khan plotting the plunder of a world.

Such is the heresy of the underman in action. What are we going to do?



## XX

# LABOR AND THE SOVIETS <sup>1</sup>

WILLIAM ENGLISH WALLING


Bolshevism has challenged the world and American labor has given the answer. There can be no doubt that the Bolsheviks, in their effort to conquer the earth, have been making progress in France and Italy. But Bolshevism in Russia will receive no support from American labor until the Soviets have repudiated Sovietism and surrendered unconditionally to their deadly enemy, Democracy. The Atlantic City Convention, by a crushing majority, June 17, 1919, definitely refused its endorsement of the Soviet government of Russia "or any other form of government in that country, until the peoples of Russia, through a constituent or other form of national assembly, representing all of the people, through popular elections, shall have established a truly democratic form of government."

"World power or downfall," is not the motto of the Huns alone. It is also the slogan of the German-made doctrine and the German-paid aggregation that have established a temporary dictatorship in Russia. The sole declared

<sup>1</sup> *American Federationist*, August, 1919.

aim of Trotzky is and always has been world-revolution. Lenine would be satisfied for a few years if permitted to continue his bloody and devastating rule in Eastern Europe. But he confesses that he has no chance of success, even in Russia, except as the Soviets spread from country to country. The far greater misery on the Russian side of every border would soon result in his overthrow. Lenine does not deny the misery. He acknowledges that Bolshevism has not really worked to date. But he says this is due to the fact that America and the Entente are against him. Let them treat with his communistic chaos precisely as they treat with their sister democracies and Bolshevism would begin its wonders to perform.

This presumptuous demand is exposed when we recall that the Soviet constitution declares that the Soviets are in permanent war with all "bourgeois," i.e., non-Soviet governments — no matter how democratic they may be. Democracy, constitutional assemblies, and the principle of one-man one-vote, are all outworn "bourgeois" ideas — typical of Anglo-Saxon hypocrisy and Latin superficiality — as opposed to the abysmal wisdom of the Marxian Germanists. Therefore war to the death against world democracy! Such is the burden of all Bolshevik speeches, articles, and resolutions for home consumption or exportation to the relatively benighted "proletariat" of America or Western Europe. And the action follows the word. No opportunity has been lost to wage war by spies and propagandists — in the most ap-



proved Germanophile manner. Nor has any chance been lost for military attack against weak or miserable neighbors — especially those already crushed and left bleeding and prostrate by German militarism.

However, this world war requires a truce — in order to reorganize Soviet armies, railroads and supplies. Hence the other German device with which we are so familiar. Pleas for “peace by negotiation.” Oceans of tears about starving women and children and the cruel blockade! Now, who is doing the starving? Russia fed the world until the Bolshevik declared war on the peasantry, overthrew the railway union, disorganized the factories producing railway material and gloated over the fact that they had extended the civil war they had so long worked for from one end of the country to the other. The food is there now. What is needed is order. And no awakened people will settle down to order on any but a democratic basis. The Soviets are wholly in the hands of the 300,000 Bolshevik party members (less than 1 per cent. of the population). Not one-tenth of them are peasants, and yet these agriculturists are three-fourths of the population. The Soviet constitution does not even pretend to leave the chief power in the hands of the peasants. On the contrary, it admits only the “poorest peasants” and these only under “the leadership of the proletariat.” Proletariat means Bolshevik, for any workingmen who don’t accept Soviet rule are regarded as traitors to the “proletariat” and disfranchised.

Lenine indicates that he regards as rich peasants even those who have as much as two miserable degenerate Russian horses of their own. We can see that "the poorest" means paupers, that is the most ignorant and wretcher, often become hopeless, physical, mental, or moral wrecks through their sufferings or other cause. Only these are fit associates for Lenine's hand-picked "proletariat," which is composed of office holders appointed from the comrades of the gang — these almost wholly non-Slavic "intellectuals" gathered from the cafés of London, Paris and New York to do the leading — and the most ignorant and least organized of the Russian workers to do the work — these latter being ready to accept the facts and "logic" presented to them by the above-mentioned worthy and honorable propagandists. The skilled and organized, such as the employees of the great Putilov works, were never a part of the Bolshevik movement, always accepted Bolshevik rule unwillingly and have for months lost no opportunity for protest and revolt.

The new Huns have committed every form of atrocity. But their worst atrocity has been the vast network of lies they have spread over the world. Such lies have little effect upon educated and well-read workers like those of America. But they have worked havoc in the minds of many of the less educated workers of Europe, such as those of Hungary and Italy. And they have so poisoned the minds of the ignorant part of the Russian workers and peasants both against the American people and all other democratic nations

that it may take a generation to get these poisons out of their system. Thus there has been created in Russia within less than two years a hatred of the free peoples as bitter as that which was built up by half a century of patient Junker effort in Germany. These two peoples (the Germans and the Russians) are thus being thrown together in a common hatred and the danger of future war is immensely aggravated.

Fortunately this atrocity, the attempted perversion and demoralization of the Russian mind, can be perfectly well observed from a distance. It is enough to remind the reader of the vicious and venomous attacks on everything American that have come every day from the Soviet officials and congresses. Lenine, Trotzky, and Tchitchirine have lost no occasion to put out the most monstrous and hate-laden lies against American organized labor, President Wilson, the American Congress, an American democracy. In a word, we are accused of being identical in every vital particular with the Kaiser-ridden militaristic, aristocratic and plutocratic Germany which has just gone down to defeat. No American who has read these shameless lies (and what American has not read them?) can ever give credence to any Bolshevik statement again. But we can well surmise that all conditions in Russia are approximately the direct opposite of what they would have us believe. Yet this merciless and unprincipled crew now cries for a truce — and want us to believe they can be trusted. They want to be treated on exactly the same basis as democratic Canada or



Republican France. They have made a policy of giving double rations to their Chinese, Hungarian, German and Lettish mercenaries and refusing all food to their enemies of the other two Russian Labor Parties — the Social Democrats and the Social Revolutionists, as well as to all other "bourgeois," i.e., to all anti-Bolshevists. They want us to help them in this game. They have attacked Armenians, Ukrainians, Poles, Letts, Finns, Roumanians, and all other small nations within reach. They now ask us to grant them what we so firmly refused their teachers and allies, the Huns. They want us to put an embargo on the export of arms to these peoples — including even the very nations, Poland, Czecho-Slovakia (Bohemia) and Jugo-Slavia which our war sacrifices did so much to create! We are asked (1) to end our neutrality (2) to aid the declared enemies of our government and our civilization and (3) to leave our friends and late allies defenseless against both varieties of Huns.

At the bottom, the war just finished was a life and death struggle between two civilizations, Democracy and Hun Kultur of the Kaiser model. Now we have an equally grave challenge from the Hun Kultur of the Gutter. We did not desire a struggle with either, but the attack came from the other side. President Wilson and the Peace Conference declared (in the Prinkipos invitation) that there could be no real world peace until there was peace in Russia and Eastern Europe. But "international communion" means — and so

declares — nothing more nor less than a fight to the finish with all neighboring civilizations.

“World power of downfall.” It will be downfall the moment the “comrades” realize that American Democracy will do everything to help the new democracies of Europe and nothing to help the boastful and aggressive enemies of democracy.

America is already on record as calling for a quarantine against this frightful new plague — of Hun origin. After nearly a year of Bolshevik rule, President Wilson appealed on September 22, 1918, last for a world quarantine against it. And the nations followed his advice — every people on earth one by one withdrawing its ambassadors. This action, as the President states, was entirely divorced from the war. And, since Bolshevik atrocities have steadily accumulated, Mr. Wilson’s noble and historic appeal has more weight than ever to-day. Here is the dispatch Mr. Wilson addressed to all America’s representatives at neutral and allied capitals:

“This government is in receipt of information from reliable sources revealing that the peaceable Russian citizens of Moscow, Petrograd, and other cities are suffering from an openly avowed campaign of mass-terrorism and are subject to wholesale executions. Thousands of persons have been shot without even a form of trial; ill-administered prisons are filled beyond capacity, and every night scores of Russian citizens are recklessly put to death; and irresponsible hands

are venting their passions in the daily massacre of untold innocents.

“In view of the earnest desire of the people of the United States to befriend the Russian people and lend them all that is possible of assistance in their struggle to reconstruct their nations upon principles of democracy and self-government, and acting therefore solely in the interest of the Russian people themselves, this government feels that it cannot be silent or refrain from expressing its horror at this state of terrorism. Furthermore, it believes that in order to check the farther increase of indiscriminate slaughter of Russian citizens all civilized nations should register their abhorrence of such barbarism.

“You will inquire, therefore, whether the government to which you are accredited will be disposed to take some immediate action which is entirely divorced from the atmosphere of belligerency and the conduct of the war, to impress upon the perpetrators of these crimes the aversion with which civilization regards their present wanton acts.”

No diplomatic act in history — and certainly not in Mr. Wilson's career — ever recorded such a brilliant success. Within six months every nation of the earth had withdrawn its representatives from this criminal band. Yet they have not changed their course one iota; Lenine preaches mass-terror every day and every day his bloody orders are executed, while countless subordinates, inspired by his frightful example, do not wait for orders. The thousands of

bloodthirsty speeches by Lenine, Trotzky and associates were bound to have this result.

If Mr. Wilson's appeal to civilization against barbarism was justified in September, 1918, it is a hundred times more justified to-day — now that Bolshevik intrigue and propaganda have raised up a pro-Bolshevik faction in the ranks of labor in every country of Europe, while America is flooded with lies, and hesitancy and division in Entente policy have put into Bolshevik hands both Hungary and a large part of the Ukraine. Without a single Entente soldier or any intervention whatever in the internal affairs of any country the support of the struggling democracies of Eastern Europe with money and food will give us an entirely different situation.

Talk about starvation! Poland, Finland, Roumania, Bohemia, Serbia, and Greece are starving while Italy is not much better off. Here are enough millions of persons to take every dollar's worth of surplus food or supplies we shall have this year. Add to these thirty or forty millions more souls in the democratically organized part of Russia — the Caucasus, the Archangel district, the Baltic provinces, parts of South Russia and Siberia — all either on the verge of starvation or in misery from the need of other supplies — and we have enough to care for. We have no surplus to aid the Bolsheviks in their plans of feeding their Red Guard Chinese and Hungarian mercenaries, while starving their labor and socialist opponents.

Unless there is some change in their situation within the next few months, or unless they receive outside aid, the "international communists" themselves admit their cause is hopeless.

A cheering prospect — and a full vindication of the above outlined policy of the American Government!

# XXI

## THE POLICY OF ORGANIZED LABOR <sup>1</sup>

MATTHEW WOLL

The year just passed marked a greater advancement and a larger acceptance of the fundamental principles of the American organized labor movement than were experienced in any other year within the memory of man. Advancement of the principles of the American labor movement means definite progress and improvement for mankind in terms of life and humanity. Every step forward gained by Labor brings with it more freedom, more leisure and pleasure, more of all those things that give to the life of intelligent mankind its deeper, fuller and brighter meaning. Advancement of these principles means that to the degree that the bodies of men and women are set free from over-burden, the spirit of men and women is also set free to make life more worth living.

It was the great war that swept aside many of the bulwarks of Bourbonism. In that great crisis the spirit of service


<sup>1</sup> From an editorial in the *American Federationist*, September, 1919.

that is always in Labor was given its great opportunity. How Labor served the cause of human freedom in this world's contest constitutes one of the brightest and most important chapters in human history which shall never be forgotten during the period of mankind.

Reflecting upon the past two years, we observe a record of daring achievement for the common good. When every nerve was strung to its highest tension, Labor in America not only gave the best of its physical power but its contribution of brain and executive skill was one of the most inspiring features of the whole national effort. This service was given freely, gladly, with a profound devotion, at times in spite of shameful obstacles erected by those who could not forego their Bourbon policies even in time of national peril.

This wonderful record of service did much to win for organized labor the respect and confidence of the employers and of that indefinite section of our citizenship called the public. Many a bitter and unjust prejudice died in those months of trial, sacrifice and travail when all eyes were turned to the western front and when man kept check on man at home lest some enemy creep in by stealth to undo the effect of our common effort and to render asunder our common undertaking.

Our problems now are scarcely of less moment than they were in the days when the nation toiled to turn the tide of battle. During that great contest, the industrial machinery of the world was wrenched and dislocated so terrifically that



nothing remains as it was before. Institutions have undergone fundamental changes. Production has been overturned from one basis to another, from one form to another, from one channel to another. The story is old now. Its full significance, however, has not yet penetrated the hearts and minds of all men. We are safe from militarism and political autocracy from without, but we have emerged into a world which is drained to the utmost of its accustomed and needed supply of essentials of modern life, with its machinery of production out of tune to the needs of peace.

Then, too, the war inspired democracy with a new impulse. Men and women came to think of democracy as they had never thought of it before. Democracy became the great, flaming religion of mankind. The great flaming hate of autocracy that burned white-hot against the institutions and practices for which Germany stood before and during the war has been turned upon all evils of autocratic nature in our own domestic life. While these affairs of domestic life may be of lesser magnitude, the hatred that was aroused and the determination which was manifested against autocratic rule everywhere remains with undiminishing intensity.

We face grave, complex and perplexing problems. Autocracy is still found in our midst. The rule of arbitrary dominance is still existing in our industrial, commercial and financial relations. So far as it exists and so long as it remains, it is as hateful as any other kind of autocracy in any other place.



There is to-day by no means the sweep of autocracy in industry that existed before the great war. Much has been gained. Much is yet to be gained. Much remains yet to be conquered. The great United States Steel Corporation may be cited as an example left to us from an age that has all but gone.

It is the great hope of the organized labor movement on this Labor Day that the path of industrial democracy may be marked by none of the blunders of extremism. Such democracy as we have yet to attain must be obtained through the institutions of the great and intelligent measure of democracy that we already enjoy. Any other course would be fatal to all democracy and lead us to that unhappy and tragic state of chaos which has brought so much of distress and evil to the people of Russia.

The great republic of the United States, with full allowance for every manifestation of evil that is within its borders, is still the best nation on the globe. There is no land so free, no land so fair, no land so abundant in opportunities for a greater civilization and a grander concept of the ideals of human kind. There is no other land which could ever hold for us a fraction of the inspiration or command from us a fraction of the sacrifice. This is our country — our democracy. It is the determination of the working people in this democracy that it must be brought ever and ever nearer perfection, that its democracy must be made ever and ever more pure, that human life in this democracy must be

brought ever and ever to higher reaches, to a finer and fuller freedom and to a nobler plane. That is why evil must be fought while evil remains. That is why the last vestige of autocracy must be rooted out from our institutions and our industry.

The greatest thing in democracy is humanity, and whatsoever stands in the way of humanity in its striving for more of life and for a finer life has no place here and must be banished.

While priests are praying for us and politicians orating for us, trade unionism is silently building its outposts and pushing its videttes further and further beyond the old lines. In this work for a better and brighter to-morrow and to-morrow's to-morrow, it welcomes the co-operation of all helpful agencies but will under no circumstances brook any interference whatever either from those within or without who espouse the distorted vision of Bolshevism or who cling to the dead language of Bourbonism.



## XXII

# INDUSTRIAL CONCESSION <sup>1</sup>

WOODROW WILSON

"I am advised by your chairman that you have come to a situation which appears to threaten the life of your conference, and because of that I am presuming to address a word of very solemn appeal to you as Americans. It is not for me to assess the blame for the present condition. I do not speak in a spirit of criticism of any individual or of any group. But having called this conference, I feel that my temporary indisposition should not bar the way to a frank expression of the seriousness of the position in which this country will be placed should you adjourn without having convinced the American people that you had exhausted your resourcefulness and your patience in an effort to come to some common agreement.

"At a time when the nations of the world are endeavoring to find a way of avoiding international war, are we to confess that there is no method to be found for carrying on industry except in the spirit and with the very method of war? Must suspicion and hatred and force rule us in civil

<sup>1</sup> The President's letter dated October 22, 1919, to the National Industrial Conference in Session at Washington.

life? Are our industrial leaders and our industrial workers to live together without faith in each other, constantly struggling for advantage over each other, doing naught but what is compelled?

"My friends, this would be an intolerable outlook, a prospect unworthy of the large things done by this people in the mastering of this continent; indeed, it would be an invitation to national disaster. From such a possibility my mind turns away, for my confidence is abiding that in this land we have learned how to accept the general judgment upon matters that affect the public weal. And this is the very heart and soul of democracy.

"It is my understanding that you have divided upon one portion only of a possible large program which has not fully been developed. Before a severance is effected, based upon present differences, I believe you should stand together for the development of that full program touching the many questions within the broad scope of your investigations. It was in my mind when this conference was called that you would concern yourselves with the discovery of those methods by which a measurable co-operation within industry may have been secured, and if new machinery needs to be designed by which a minimum of conflict between employers and employees may reasonably be hoped for, that we should make an effort to secure its adoption.

"It cannot be expected that at every step all parties will agree upon each proposition or method suggested. It is to

be expected, however, that, as a whole, a plan or program can be agreed upon which will advance further the productive capacity of America through the establishment of a surer and heartier co-operation between all the elements engaged in industry. The public expects not less than that you shall have that one end in view and stay together until the way is found leading to that end or until it is revealed that the men who work and the men who manage American industry are so set upon divergent paths that all effort at co-operation is doomed to failure.

“ I renew my appeal with full comprehension of the almost incomparable importance of your tasks to this and to other peoples, and with full faith in the high patriotism and good faith of each other that you push your task to a happy conclusion.



## XXIII

# GOVERNMENT AND THE PUBLIC <sup>1</sup>

A. MITCHELL PALMER

“There can be no doubt that the Government has the power in the public interest, under the law, to deal with the projected strike of the bituminous coal miners, without infringing upon the recognized right of men in any line of industry to work when they please and quit work when they please.

“The illegality of this strike can and will be established without in any way impairing the general right to strike, and the general right to strike is not an issue in any sense whatever in the present situation. This is true because the circumstances differentiate this case from the case of any other strike that has ever taken place in the country.

“It does not follow that every strike is lawful merely because the right to strike is recognized to exist. Every case must stand upon its own bottom and be governed by its own facts. Therefore, when the President said in his statement last Saturday that ‘such a strike in such circumstances’

<sup>1</sup> Opinion of the Attorney-General expressed October 29, 1919.



is not only unjustifiable but unlawful, reference was had only to the conditions in the pending situation.

"The proposed strike was ordered in a manner, for a purpose, and with a necessary effect, which, taken together, put it outside the pale of the law. After the war began the production of fuel was regarded as one of the subjects of such peculiar public importance as to justify a special statutory enactment. The Fuel Administration was created to supervise the subject, and matters of wages as well as prices were considered and sanctioned by the Fuel Administration.

"After the cessation of hostilities the Fuel Administration suspended certain of its orders, but did not terminate them, and they are subject to reinstatement at any time upon the President's order and the statute under which the orders were made is still in full force.

"With this situation existing, the convention of United Mine Workers at Cleveland last September decided to annul all wage contracts on Nov. 1 and took the unprecedented step of deciding in advance of any opportunity for consultation either with the Government or with the coal operators, to strike on Nov. 1 unless satisfactory new arrangements should be made.

"Without any expression from the workers themselves the organization promulgated a demand for a 60 per cent. increase in wages, a six-hour day, and a five-day week, and authorized a strike to be effective Nov. 1, before the demands were even presented to the operators.

"The demand for a new wage agreement covered only a part of the coal fields but the strike order was sent broadcast to workers in other fields where operators had been given no opportunity even to consider demands for increased wages or decreased hours. All this has been done while the miners in every field, through their right of collective bargaining, had entered into a solemn contract with the operators, fixing wages and hours for a definite period which has not yet expired.

"The operators, upon the insistence of the President, indicated their willingness to negotiate and arbitrate, providing the strike is deferred, while the miners rejected the President's request for arbitration as a means of settlement, and refused to defer the strike.

"Some of the wage contracts were made with the sanction of the Federal Government, operating through the Fuel Administration, to run during the continuation of the war, or until April 1, 1920. Many others, however, run until a time still in the future without regard for the continuation of the war.

"While it is perfectly plain that the war is still on and any contract running until its conclusion is still in force, whatever weight may be given to the argument that the successful operation of the war no longer requires such contracts, it has no application whatever to the large number of such contracts which expire at a fixed date without regard for the war period.

"The armistice did not end the war and the courts in many cases have held that the war emergency statutes are still in force; the same rule must apply to war emergency contracts. The Congress has held to this position so late as Oct. 22, when an act of Congress was approved making even more effective the Food and Fuel Control act.

"The suspension of the restrictions as to the price of coal is not necessarily permanent and conditions warrant a renewal of these restrictions at this time; and yet the Government, if it reinstates the order fixing a maximum price, would be absolutely helpless to protect the people against exorbitant prices of the product if the contracts made under its sanction should now be deliberately broken.

"This does not mean that a change could not be negotiated and either agreed upon or arbitrated if proper protection of the public be accorded in the settlement, but it does mean that the public welfare in the wartime emergency must still be the paramount interest to be served by both parties. The Government is the protector of the public welfare.

"The proposed strike, if carried to its logical conclusion, will paralyze transportation and industry; it will deprive unnumbered thousands of men who are making no complaint about their employment of their right to earn a livelihood for themselves and families; will put cities in darkness; and, if continued only a few days, will bring cold and hunger to millions of our people; if continued for a month, it will leave death and starvation in its wake. It would be a more

deadly attack upon the life of the nation than an invading army.

“ By enacting the Food and Fuel Control act, Congress has recognized the vital importance in the present circumstances of maintaining production and distribution of the necessities of life, and has made it unlawful for any concerted action, agreement, or arrangement to be made by two or more persons to limit the facilities of transportation and production, or to restrict the supply and distribution of fuel, or to aid or abet the doing of any act having this purpose of effect. Making a strike effective under the circumstances which I have described amounts to such concerted action or arrangement.

“ It is the solemn duty of the Department of Justice to enforce this statute. We have enforced it in many cases. We must continue to do so irrespective of the persons involved in its violation.

“ I hope it will not be necessary to enforce it in this case. Indeed, I am hearing from many sources that large numbers of the miners themselves do not wish to quit work and will not do so if assured of the protection of the Government, of which they properly feel themselves a part.

“ It is probably unnecessary for me to say that such protection will everywhere be given, so that the men may exercise their undoubted right of continuing work under such terms and conditions as they shall see fit. The facts present a situation which challenges the supremacy of the law, and

every resource of the Government will be brought to bear to prevent the national disaster which would inevitably result from the cessation of mining operations.”<sup>1</sup>

<sup>1</sup> Following the Attorney General's injunction notice after the strike was under way, and the action of Judge Anderson of Indianapolis in support of the injunction the leader of the strike ordered the strikers back to work on November 8 in the patriotic statement: “We cannot fight the Government. We are Americans.” *Editor.*

## XXIV

# THE BETTERMENT OF AGRICULTURE <sup>1</sup>

DAVID F. HOUSTON

We are turning to our new problems and they are numerous and difficult. People are asking what the agricultural situation is and what ought to be done. They ask what suggestions we have to make to the producers of the country. We made many suggestions to the producers of the country during the war. We urged them to increase production. We had definite programs. You know how the farmers, including the cattlemen, responded to the appeals of the Government and reacted under the economic stimulus. In spite of all the troubles, in spite of labor difficulties and adverse weather conditions, the farmers of this Nation planted in leading cereals alone 38,000,000 more acres in 1918 than they had planted on the average in peace times. The live stock producers increased every class of live stock during the war. The report of the Bureau of Crop Estimates on live stock for 1918 shows that during the European war the number of horses increased 570,000, the number of mules

<sup>1</sup> From address before the American National Live Stock Association, Denver, Colorado, January 22, 1919.

470,000, milch cows 2.7 millions, other cattle 8.5 millions, swine 16,700,000, 5 millions within the last year, and sheep, in the last two years, by about 2.1 millions, somewhat over a million each year since we entered the war.

Our farmers increased the wheat acreage for the 1918 crop over the pre-war five-year average by 12 millions and produced about 918 million bushels. They planted last fall 7 million more acres than the record of the preceding year, or 49 million acres. And now we are confronted with a very interesting problem. We do not know what the spring planting will be or how the wheat will come through the winter; but it entered the winter in much better condition than usual and is making good headway. The indications are that the spring planting will be large. We may have from 1,000,000,000 to 1,100,000,000 bushels. We need for domestic purposes about 650,000,000 bushels. The question is whether we can sell the crop at the guaranteed price.

There are certain things we may keep in mind. We know, of course, that Europe will have difficulty in making full recovery in respect to her live stock. In England, live stock has been prudently conserved. Her herds have been preserved, especially her breeding animals, and England will recover quickly. France has been harder hit. There are no accurate estimates as to how much her stock has been reduced. Switzerland has kept her herds. They did not produce as much during the war as before; but they are relatively intact. Germany and Austria have suffered

greatly. There will probably be a continuing substantial demand for meat products. To what extent there will be demand for breeding animals is another question because European countries will be very conservative in introducing breeding stock from this country, or from places to which they have not heretofore looked.

We may bear this in mind also: This is a growing Nation, growing so fast that very few people keep up with it. How many of you realize that in 15 years, from 1900 to 1915, we gained a population of 24 million, a population greater than that of any South American country except one, and greater than that of any South American country in point of producing and consuming capacity, a population three-fifths that of France. We gained 3.5 millions of people during the European war. I assume that we shall gain at the rate of a million or more for the next 20 or 25 years. Now, while the increases are large and gratifying, they were due to the existence of recent peculiar conditions; and we must recognize that live stock production in this country has not kept up with increasing population. The number of cattle in 1918 is given at 44 million, but we had about 42 million at the 1910 census. The increases are recent. We have got to plan for a population in the next 20 years of 20 million or 25 million more, and we must make our plans now. We can not largely develop the live stock industry overnight or wisely alter their permanent foundations quickly.

In making plans, we must base them on sound economic



considerations, looking to their foundations of feed, of pasturage, and of grazing. We have to keep one fact in mind which city people especially seem to ignore. There is more nonsense talked about farming and about getting people to go into farming and to stay in farming than about any other one thing. People are constantly crying, "Back to the land!" They seem to think there can be an indefinite number of farmers. Now people are going into farming and are going to stay on farms if farming pays and if country life is attractive, and not otherwise; and just enough people will stay on farms to produce the supply the Nation and the world seek at a price which will justify it. I am pestered no little by city people who ask, "Why do you not continue to urge the farmers to produce and to produce and to produce?" Of course, that would be very nice for them, especially if they could get the products for nothing; but that is not the way agriculture proceeds. It must show a reasonable profit. This does not mean necessarily that prices need continue to rise. It may be possible to reduce costs. They will fall with the return of normal conditions. We may lessen them by controlling or eradicating animal and plant diseases. You, the department, the agricultural colleges, and other agencies are engaged in this task.

We can help also by improving grazing conditions. We have greatly bettered them in the National Forests. I have been advocating for six years something that seemed to me obvious from the beginning, that there should be improve-

ment of grazing on public lands. The Department of Agriculture has been urging this for 15 years. The Department of Agriculture has been urging classification of public lands, not that there should be a rigid classification which could not be changed, but one which might be reconsidered at frequent intervals. Clearly grazing should be regulated on the public lands so that they may support many more animals.

Grazing is not the only agricultural activity in the National Forests. There are others. There are problems of reforestation and of insect, game, and predatory animal control. The services of a number of bureaus of the Department of Agriculture are constantly and increasingly required, such as Forestry, Animal Industry, Entomology, Biology, and Markets. Forestry problems are mainly agricultural problems.

We have very definite constructive proposals in mind — to promote profitable agriculture and to develop a more attractive country life. In fact, nearly everything being done by your association and similar associations, by the Department of Agriculture, with its 23,000 people, and the State colleges, constitutes an attack, a persistent and quiet attack, on the problem of profitable agriculture and better rural life. Their work is not spectacular. You do not hear much about it, especially in the city; but men and women of the department and the colleges are working hourly in season and out of season without advertisement, and are getting results. I sometimes think it is almost a mistake to do things as well

as some of our people do them, because they do not have time to get on the housetop and shout about it, and many people do not seem to think anything is being done if they do not hear a lot of shouting.

I think we ought to speed up our road building. I need not argue the value of good roads. I have suggested, with the President's approval, that we increase the Federal funds to be used to supplement the Federal aid road appropriation, not only because roads are indispensable, but also because public work of this sort may profitably be extended for the purpose of furnishing employment to surplus labor during the transition period. I am suggesting that a part of the additional funds be used for further construction of roads in the National Forests.

I wish I had time to speak of marketing and of the Bureau of Markets. The bureau is now spending something like \$4,000,000 to aid the producers of this country to distribute their products to better advantage. I need not tell you that distribution is at least the second half of agriculture; and yet some gentlemen are complaining because we wish enough money to enable us to maintain our present undertakings. One part of the service alone is worth what the Government is spending on the bureau. I refer to the market news service. Four millions of dollars is not too much to spend to try to aid the farmers of this Nation in marketing their products.

There are parts of our marketing arrangement in which

you are and have been deeply interested. I refer to the stockyards and the packing houses. I have been convinced for many years that the Government should regulate them. I have really got beyond the point of seeing the necessity for further argument. Not only you, but all the people of the Nation, are intensely interested in what happens in the stockyards and the great packing houses. Their operations affect every man, woman, and child in this Nation.

These establishments, as the lawyer would say, are largely affected with the public interest. I do not know what percentage would express the public interest, but it would not fall very far short of 100 per cent. The people of this Nation are not willing to let a few men have an absolute determination of what happens in them, of what happens to the live stock of the Nation from the time plans are made for its production on the farm until it reaches the consumer. There is too much at stake. The fortunes of too many people are involved.

You are naturally interested in the probable course of trade now that the fighting has ceased. Many people are showing interest in it. Many of them are writing to me asking what I think of the future. Some of them seem to be apprehensive. They seem to be alarmed lest Europe should flood the market of this Nation with cheap goods, alarmed lest this Nation may not be able to hold her own proper place in the markets of the world.

Apparently, there are those still left who believe that one

nation can not profit except at the expense of another; who believe that a nation does not profit unless it exports useful commodities and imports nothing except gold. They do not seem to realize that this process can not be continued for a long time. They are unaware that too much gold even may be hurtful.

The things that any nation really wants are services and commodities. These a nation can not get except by furnishing services and commodities. This country has been for many years an exporter of agricultural products. Before the European war you will find upon examination that the excess of our agricultural exports ranged from three hundred millions to four or five hundred millions of dollars.

But people ask if this will continue. They ask if Europe will not now have a relative advantage. They seem to assume that Europe has had time to pile up masses of commodities for export and that Europe will possess from this time forward great masses of cheap labor. How inadequately they seem to have pictured the present actual conditions in Europe! Think of it! They tell us that in Europe, outside the Balkans and Turkey, more than 7 millions of men have been killed and 14 millions wounded, many of them permanently incapacitated. We know there are great numbers of widows and orphans. We are aware of the destruction of property, of shipping, of the economic, social, and political disruption. Clearly it will take the powers of Central and Eastern Europe many years to lay the firm foundations of

modern democratic governments, to set them in full operation, and to restore normal economic conditions and processes. The masses of the people in these sections will for the first time have something to say about economic and governmental matters. They will have something to say about their conditions and standards of living, and it is unthinkable that they will permit a return to former conditions.

Obviously, they will be greatly burdened also with war debts. It is probable that the war debt of England will equal 30 per cent. of her estimated real wealth; that of France 50 per cent.; of Germany 45 per cent.; of Austria 65 per cent.; and of Italy 30 per cent. In each case the annual interest charge will be as great as the former national budget or greater; and in every case provision must be made for a sinking fund. Yet some of our people seem to fear that this Nation, industrially almost untouched by the war, can not hold its own with stricken Europe. Should our thought not be rather how we can aid the people of Europe to get on their feet once more and to contribute in full measure to the world's dividend of useful commodities?

May we not all look at this matter in a broad spirit of humanity and not from the lower plane of partisanship? We have stood together during this war as a people have never before stood together. It has enabled us to win the war and to win a cause. Do not the tasks of peace warrant an equal spirit of patriotic devotion and unity of purpose? Of course, I realize that there will be differences of opinion.

I believe in parties, but I do not believe that, to have parties, it is necessary to have appeals to prejudice and a riot of misrepresentation. If all the facts bearing on questions at issue were available, if, so to speak, all the cards were on the table with their faces up, there would still be room for differences of opinion and for the formation and conduct of parties.

Let the public demand that their representatives be big enough and broad enough to deal with the facts and nothing but the facts, to interpret them to the best of their ability and conscience and to follow their conclusions regardless of consequences. Democratic government will be sufficiently difficult if we apply this standard. If we permit any other to prevail, its future will be full of doubt. Let us remember the blessings of our institutions and keep before us their real spirit and meaning. Let us see to it that those who come among us from other countries not so favored, whose inheritance makes it difficult for them to understand the meanings and purposes of democratic institutions, shall catch their significance and especially be made to understand that here we have a rule of law and not of whim or of force.

There are some of our people who need an induction into the spirit and meaning of democracy. They must be taught that here any good cause can get a hearing, that those who advocate it must convert the majority, and that the majority will not permit any reckless, misguided minority to attempt to secure its purpose by violence.

## XXV

# CURB THE MOB SPIRIT <sup>1</sup>

JAMES E. SPEYER

We are living in serious times, but let us be careful not to lose our sense of proportion, as to events in which we take part. One is apt to overrate the immediate difficulties that confront one, not remembering similar dangers of the past, and to get startled at any novel way that may be proposed for their solution.

To-day the whole world is still under a nervous strain and the situation is certainly fraught with danger. In order to win the war each Government had to keep its own people keyed up to a high pitch. Many vague and specific promises for a better state of affairs to come were made, but, alas, many a hope thus awakened is bound to be disappointed. At the same time the destruction of property and human lives had, at least, to be condoned.

While some of the present unrest is due to these general conditions it may be caused also, in part, by a natural desire of some employees to secure a fairer share of the large profits which their employers have made, or are supposed to have

<sup>1</sup> Before the Safety Institute of America in October, 1919, as reported by the press.



made, during the war. Many men, not only among the working people, are dissatisfied and are trying to better themselves, the more ignorant ones not being too careful as to the means to that end.

There always have been, and there always will be, others who will use such dissatisfaction and unrest for their own purpose, just as there always will be some who remain blind to the signs of the times in which they live, and fail to recognize changing conditions. It must, however, be clear to anybody, who stops to think, that the high cost of living can surely not be overcome by the curtailment of production, be it through strikes or through shortening the hours of work. This is the wrong remedy and must bring the opposite result. It would indeed be a misfortune for the workers themselves and for our country, if the radical element were to prevail now, even if only for a short time.

But I do not believe it will. Whatever may happen in other countries, it will not happen here. I have too much faith in the common sense of the American people.

After a while, when our nerves have calmed down, we will surely continue to make sane progress, as we have in the past, in the solution of the differences between capital and labor in an orderly manner, after considering and deciding what is really best to be done for the welfare of the people as a whole.

Whether we will insist on laws for compulsory arbitration, for forbidding strikes, in the transportation industry or by

those in the employ of the Commonwealth; whether we will pass laws limiting still further the labor of children and women in factories; whether we will insist that combinations of labor, which are as legitimate as combinations of capital, shall be subjected to the same laws and restrictions, and that the leaders of both shall be punished for any abuse of trust; whether we shall insist that labor should share more directly, not only in the profits, but also in the management of large enterprises; whether any or all of these proposals are to be embodied in the law of the land, nobody can tell at present.

But this we all know: The relations between labor and capital cannot be adjusted by the suppression of the right of free speech on the one side, or by the destruction of property on the other; and I also believe that the American people will insist that everyone shall be free to work where and as he chooses, and that the savings and property of every citizen, large or small, shall be protected against attack from whatever source.

Thanks to our fighting men on land and sea, and competent leaders, and to the work in the factory, and on the farm, to the efforts of a united nation — our country has won this war, and, with enhanced prestige, is now the great creditor nation of the world. Whether there be a League of Nations or not, whether we are in it or not, our advice will be sought, and our voice will be heard in the large international questions which the future will have to solve.

It is not enough that to-day the United States is the richest, and perhaps the most powerful nation. If we want to have real weight and use our full influence for peace and humanity in the future, we must show to the other nations of the world, first of all, that we will not tolerate mob law here, and that we are able to make orderly progress ourselves. We have to give a living example of the real spirit and discipline of a true democracy. If we want to help maintain order and peace abroad, we must show them that we can maintain order and peace at home."

## XXVI

# SOME HOMELY COUNSEL <sup>1</sup>

THEODORE H. PRICE

It is against the exhaustion that must follow the artificial stimulus of war prosperity that I am anxious to provide, and I am greatly impressed by the thought that the present expenditure for luxuries and unnecessary things is the poorest way to provide for it and the surest way to aggravate it.

It may be that I am generalizing mistakenly from what I see in New York and the other larger cities that I have recently visited, but the dealers in jewelry, expensive apparel, and food delicacies tell me that there was never such a demand for those articles, and that people "simply don't care what they pay."

While the war lasted patriotic considerations restrained people and economy was more or less fashionable, but now that there are no more Liberty Loans to subscribe to, the idea seems to be that a Nation that could furnish the Government with \$25,000,000,000 for war in two years can easily afford to spend \$12,500,000,000 a year for unnecessary things when the war is over. Sight is entirely lost of the fact that the

<sup>1</sup> Adapted and reproduced from *The Outlook*, July 9, 1919, by permission.

debt we have incurred must be paid, that it amounts to about \$1,000 per capita for every male money-earner in the country, and that until it is paid there can be no substantial reduction in the taxes now imposed. There is a widespread idea energetically fostered of late that National prosperity is increased by liberal spending. This is not the case. It is our investment in productive enterprises, not our expenditures for useless or needless things, that makes for prosperity.

The Scotch, probably the most thrifty and, in proportion to their numbers, the wealthiest people in the world, are the best proof of this statement that I can offer. In Scotland and wherever else a Scotchman is to be found he generally lives frugally, works hard, and saves his money. The result is that in both the Eastern and Western Hemispheres Scotchmen or their descendants wield an influence that is remarkable. It is said that eighty per cent. of the bank officers in the British Empire are Scotchmen or of Scotch descent, and a glance through the "Bankers' Directory of the United States and Canada" leads one to think that nearly the same proportion of Scotchmen is to be found among the bankers on this side the Atlantic. The investment capacity of the Scotch is due to their avoidance of unnecessary expenditures. The things they don't require they don't buy, and it results that they have always a "mickle" sum at hand when an attractive opportunity for its constructive use is offered. Now we Americans are going to have many attractive opportunities for investment in Europe within the next few years.

If we are to maintain our prosperity, it will be necessary that we shall take advantage of them, and this we cannot do if we spend all the profits of this extraordinary era in things we don't require. And what do we really require? The list is a short one. It includes only:

- (1) Food that is healthful and nourishing.
- (2) Shelter that is hygienic.
- (3) Clothing that will protect us.
- (4) Fuel that will keep us warm.
- (5) Education that will make us efficient and philosophical, and therefore happy.
- (6) Medical attention that will preserve our vigor while we live.
- (7) Transportation.
- (8) Amusements that are rational but not demoralizing.
- (9) Tobacco — at least in my own case.

All of our expenditures, except those that we make for our personal adornment or the decoration of homes, our public buildings, and our cities, come under one of these heads.

Our trouble is not so much that our wants have multiplied as that our vanity leads us to try and satisfy them in unusual and expensive ways.

Take food, for instance. Is it not true that most of us really find more enjoyment in a simple and inexpensive meal than in things which are exotic, out of season, and costly? If we are dining alone or where we are not likely to "be

seen," are we not contented with a few well-cooked and homely dishes?

But if we are with a friend, or even our family, do we not feel a sense of embarrassment if we are unable to order more than any of us needs and at least one or two things that are expensive and indigestible?

It requires moral courage to ask your guest to lunch with you at Childs', I have tried it, and I know, and I recommend it as a salutary form of self-discipline to those whose conscience accuses them of extravagance. The food was good, but I found myself apologizing for what I feared would be regarded as my niggardliness.

And as to clothes. Is it not true that a very large portion of what we spend for them is due entirely to our vanity? Many of us deceive ourselves into believing that we dress for the effect that our costume will have upon other people. As a matter of fact, what we wear makes very little impression upon those we meet, provided we are not in tatters or uncleanly. If you doubt this, try to describe the costume of the last man or woman you were talking to and the effect that it had upon you.

Unless you are a woman and an epicurean in the matter of clothes, you will find that you are unable to do it. The truth is that most of the money that clothes cost us is spent entirely for our own satisfaction and is unnecessary.

And so it is with most of the other items on the list. I know a very successful merchant who says that when he

finds a man who has lived in a modest house on "Cash Street" moving into an expensive mansion on "Mortgage Avenue" he immediately curtails his credit, because he knows that his pride is getting the better of his pocketbook; and I am convinced that in the vast majority of cases a pretentious home is nothing but vanity and vexation of spirit.

To suggest that we are extravagant in the education of our children may shock some Americans, but I am convinced that many of us are making this very mistake by sending our boys and girls to expensive establishments in the hope that they will make acquaintances among the rich and fashionable instead of having them taught at public or private schools where they would learn just as much and be much better fitted for the democracy in which they are to live.

Of our extravagance in the matter of amusements it is hardly necessary to say anything, because it is self-evident with theater seats at \$2 and \$2.50 each and nearly every playhouse in our larger cities crowded.

And so it is through the whole category of our expenditures. We go to fashionable and expensive hotels to be seen there, when we could be just as comfortable at places that cost less.

We ride in Pullman cars because we are just a little ashamed of traveling in an ordinary coach that is often more comfortable.

We men pay five or six dollars for a hat because it has a fashionable maker's name in it when we could buy the same



article elsewhere for half the money. We ride in cabs rather than street cars to the station because we don't like to "be seen carrying a bag," and in a hundred other ways we are spending money all the time simply to gratify our foolish vanity.

It is said that "a frank confession is good for the soul," and it is because I realize that I am the victim of the very weakness that I am preaching against that I ask the readers of *The Outlook* to join me in trying to make sensible economy a national habit in America so that we may be provided with the financial reserves that we are certain to require in the not distant future.

## XXVII

# THE PERSONAL HYGIENE OF INDUSTRY

THOMAS DARLINGTON

Taking up, first, matters of personal hygiene and the care of the individual, the things to which a workman should pay particular attention are: Regulation of his meals as to the amount, character and mastication of them; the amount and character of drink; hours of rest and sleep; ventilation of rooms; personal cleanliness; clean clothes; washing of hands before meals; brushing of teeth; daily washing of feet; proper fitting of shoes; amount and kind of clothing; care of the eyes, ears, and nose; regularity of movements from the bowels; regularity of work, and the cultivation of cheerfulness. The mind has much to do with the body, and especially with tissue changes and secretions.

But the question arises, just how important are some of these matters that I have mentioned? Are they all really under the control of the workman? And can he adjust them, even if he has the education and the desire to do so? It is impossible in this article to take up every one of these subjects, but as illustrations, two may serve our purpose. Let

us consider the importance of washing the hands, particularly before each meal.

To Oliver Wendell Holmes, and to Ignaz Philip Semmelweis, we owe the beginning of our knowledge that disease is carried by the hand. They demonstrated that puerperal fever and erysipelas were carried in this way, and Lord Lister started us on the road to its prevention. To-day we know that most disease is carried by contact with the body or with its excretions. In the beginning of Listerism, sprays were used in surgical operations to prevent infection by dust, but these were gradually abandoned. As aseptic practice progressed and the wonders of modern surgery were unfolded to the world, it became more and more and more ever apparent that hands carried disease. Perhaps the greatest advance made in surgery was the wearing of sterile rubber gloves by the operator and his assistants. For surgical purposes, ordinary washing of the hands does not free the hands from bacteria, nor will disinfectants do so afterward. Even after scrubbing and the application of alcohol, bacteria are still present.

The accepted method of testing whether or not the hands are free from bacteria is the passing of a sterile thread across the hand to catch any germs that remain upon it, and cultivating these germs upon gelatine plates. Such experiments show that there is no known method of perfect disinfection and cleansing of the hand. A culture test for bacteria on the hands after washing without using a brush shows a rela-

tively high count; but if a brush is used, more particularly if the hand is afterward rubbed with a rough, sterile towel, the bacterial count is much smaller. Fortunately for us, septic conditions do not arise when the bacteria are very few in number; infection depends upon the number and virulence of the bacteria.

Perhaps the most striking illustration of infection caused by the handling of food is a case that has recently appeared in the daily press.

When Commissioner of Health of New York City, my attention was called to a certain cook named Mary Mallon, or as she was called in the newspapers, "Typhoid Mary." Mary had lived with a number of families. It was noted that in whatever family she lived some one soon became ill with typhoid fever. The physician who had noted this, Dr. Scoper, found that 26 cases of typhoid had occurred in these families. Under the power granted to the Board of Health for the preservation of health and the protection of the public, she was removed to the hospital for observation, and it was found that some of her ejecta were almost pure culture of typhoid. She declined to undergo any operation; and as other treatment did not cure, she was deprived of her liberty as a menace to the community. In this course, the Department of Health was sustained by the courts. But the following administration, upon her promise not to ply her occupation as a cook, gave her liberty, and for several years nothing was heard of her. In January and February, 1916, at

the Sloane Maternity Hospital, 25 cases of typhoid fever occurred. A careful inquiry as to the cause of the outbreak led to the discovery that Mary Mallon was the cook. The only way in which she could convey the disease was by contaminating the food through failure to cleanse her hands properly.

If disease is so easily acquired from soiled hands, what is the lesson we are to learn? Workers should have facilities for washing after going to the toilet. Particularly they should be encouraged to wash their hands before taking their lunch from the basket. Even though not pathogenic, the bacteria carried to the stomach from unclean hands may cause trouble. But this is not the whole story. An observer at a public hearing of the New York State Workmen's Compensation Commission, noting the victims of accidents as they appear there, would be impressed with the large number of deformities of fingers and hands due to infection of wounds. Case after case has come before the Commission, where such poisoning has resulted in necrosis of bone and made necessary its removal; or tendons have been divested of their sheaths and become fastened to the tissues and are no longer able to operate; or the muscle itself has been destroyed by an abscess; or nerves have been ruined, causing paralysis; or joints have become ankylosed and will not bend. As a result, the fingers and hands become deformed, twisted, and useless. Thousands of dollars in compensation have been lost, and many a good workman has been incapacitated for life not measurable

in dollars. Clean hands and clean skin would help to prevent much of this infection.

Let us take a second simple illustration. That of mouth hygiene and brushing of teeth. The softening effect of the saliva on food, the comminution of chewing as well as the obtaining of taste and flavor which helps secretion of gastric juice, are all important. In addition, the direct chemical effect of saliva upon the food must be considered, preparing as it does the food for absorption. Food hastily swallowed in chunks or in an indigestible form frequently produces a lump-like feeling in the throat, and the effect of this lack of chewing carried to the extreme is illustrated by the convulsions which occur in infants who have swallowed a piece of apple, meat, fruit skin, or other food of like character. Food can be properly masticated only if the teeth are in a healthy condition. It follows that good teeth are desirable, and a factor in energy. One eminent medical authority has stated that decayed teeth are even more harmful than alcohol. But the harm of decayed teeth and unclean teeth is not so much the difficulty encountered in chewing as the fact that they make an unclean mouth, and may produce abscess.

It is only recently that much attention has been paid to this latter result. It is growing in importance in the minds of physicans. In the practice of their profession, physicians find among their patients many persons who suffer from an infection that is confined to one spot in the body, focal infection, but that is the cause of, or relates to, general disease of

the system. By far the most frequent location of such infection is in the mouth or throat. Decayed teeth, abscesses, and necrosed bone the result of such decay, often affect the whole body, and even when not the primary cause intensify and prolong disease.

We now know that many cases of rheumatism, anthritis deformans, tuberculosis, various forms of heart disease, and disease of other organs, arise from a tonsilitis or some other diseased condition of the mouth or teeth. But even though local disease may have such serious consequences and be the origin of dangerous and frequently fatal disease, to my mind another sequel of an unclean mouth is of equal importance.

A study of the micro-organisms that inhabit the mouth shows that various disease-producing varieties may inhabit it; at least 50 different forms have been found there. Many well known species, some of which occur only in the mouth, are associated with disease of other parts of the body. The mouth always contains some bacteria, sometimes only a few species, sometimes many; sometimes few in quantity, sometimes in vast numbers. In pyorrhoea, which loosens the teeth and is accompanied by an exudation of pus from the sockets, millions of microbes are found in the pus. Swallowing these bacteria, especially by having them mingle with the food in the process of chewing, may be very harmful. If there is not sufficient gastric juice to kill them, they produce a fermentation of the food, and then, passing out of the stomach into the intestine, produce poisonous products of de-

composition. These, on absorption, produce bodily fatigue and lower resistance to disease. Much of the sour stomach, dyspepsia, and other stomach troubles from which people suffer, are due to contamination of the food by bacteria from unclean mouths. In the many experiments and observations made by Dr. Beaumont in connection with his patient, Alexis St. Martin, he noticed that pure gastric juice would often keep indefinitely, but if mixed with much saliva it quickly spoiled.

We are careful, especially with children, that water be boiled, milk scalded or pasteurized, and food generally well cooked in order to destroy bacteria. If food be carefully selected and prepared, danger from that source is reduced. But all this care may be in vain if the food becomes contaminated in the mouth.

Such precautions would seem of little value unless the teeth be brushed and the mouth cleansed and disinfected both before and after each meal. Of the two, it seems to me that cleansing before meals is the more important. Still another thought in this connection is: if food, sugar, for instance, that enters the stomach undergoes fermentation there and is split up into its constituents, some energy is lost to the body; for it is by this very splitting up of food within the muscles that energy is produced.

How do bacteria get into the mouth? Some enter with the food; some inhabit the mouth and multiply upon the remains of food left between the teeth; many enter with dust,



while breathing, particularly the dust of the street; still others get into the mouth from the hands. Is it too much to hope for that in the future every workman will not only have a proper place to eat his noon meal, but will also wash his hands and brush his teeth before he eats it? It seems to me that it would pay well from the standpoint of lessening fatigue for every worker to use a toothbrush before every meal, to have one in his locker and use it at noon. Yet where is this the case now? Still, I confidently expect that in a few years this will be common practice.

Leaving these matters of personal hygiene, I will endeavor to enumerate those subjects that may be considered by those in charge of industrial establishments as follows:

Prevention of accidents	Lighting
Drinking water supplies	First aid
Washing facilities	Hospitals
Laundries	Trained nurses and social workers
Lockers	Physical examination of employees
Toilet arrangements	Lunch buckets and lunch rooms
Drainage and sewage disposal	Commissaries (bread, meat)
Disposition of garbage and rubbish	Milk supplies
Care of stables and animals	Flies, mosquitoes and vermin
Heating work places in winter	Clean mills and yards
Cooling work places in summer	Housing
Ventilation	Gardens
Overcrowding	Rest and recreation (other than in working hours)
Dust, gases, and fumes	

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Periods of rest in working hours	Transportation Insurance
Education	Pensions
Relief funds	Saving and investing
Compensation	

To give the reasons why each of these subjects should be considered would fill a volume; let us consider only one as an illustration.

What reason, for instance, shall we give a manufacturer for the installation of a proper drinking water supply? How shall he justify the expenditure to the stockholder? As a basis for the consideration of drinking water supplied in connection with industrial plants, it is necessary to study the physiological uses of water in the human body, that is, the effect of water on secretion, excretion, temperature, energy, and other body processes. Water is a natural constituent of the body. Normally it comprises about two-thirds of the body weight. In chemical combination it enters into the substance of the tissues; they are all largely composed of it in varying degrees. It is the main ingredient of the fluids of the body, and helps maintain their proper degree of dilution.

A food may be defined as a substance taken into the body for growth, for renewal, for energy or work, or for the production of heat. Because water thus enters into the structure of the various tissues of the body, it must be classed as a food, though it is not food in the sense that it liberates energy. The great importance of water is shown by water starvation.

People may live many days without food, but they cannot go long without water. If there is insufficient water in the body, all secretions are lessened and there is dryness of the membranes and change in the functional activity of various organs. Thus there is lessened digestion and absorption of food. Intestinal excretion is retarded; abnormal products are absorbed; there is lessened excretions and increased friction.

Water is Nature's great solvent. Taken with food it increases the utilization of food. It aids absorption of food and carries nutrient material through the medium of blood and the lymph to the tissues in the various parts of the body. Solution is one of the essential steps in digestion. There is widespread belief that to drink water with meals is injurious. On the contrary, one of the most common faults in eating is to neglect to take sufficient water with meals.

We may determine the amount of water necessary to maintain the system in a normal healthy condition by a study of the amount lost through the kidneys, the skin, the lungs, and the bowels. In general, the average total of these losses in an adult is five pints. This amount must be taken daily. Allowing a pint and a half of water to represent the average water content of the food eaten, the remainder, three and a half pints, about seven glasses, must be taken as drink in some other form. Those figures vary greatly according to the weather and work. Hot weather and exercise increase the demand for water.

Besides carrying food in solution to the tissues, water also carries waste away. Not only is there a building up process by absorption of food, but there is also a constant wasting process resulting from the production of heat and energy. These products of waste must be rapidly eliminated or they may have a fatiguing effect. They are carried away by the blood stream to be eliminated principally by the lungs and the kidneys. If the wastes from muscular energy-lactic acid and carbon dioxide accumulate, they poison the system and energy is diminished. This accumulation is sometimes due to a lack of water in the system from not having taken sufficient drink.

The blood tends to maintain its equilibrium. If more water is taken than is needed, the kidneys and other channels of elimination work faster; the water is more rapidly eliminated and carries with it more waste. Water thus increases elimination and secretion. When taken into the stomach, there is always in addition some increase in the secretion of the gastric juice. There is also increased motion of the muscles of the stomach and the intestines. Besides the functional secretion of the various organs, there are many membranes which must be kept moist to avoid friction. Among these are the linings of the joints, the coverings of the tendons of the muscles, the coverings of the lungs and the coverings of the intestines.

The normal temperature of the human body is 98.6° F. in all seasons and in all climates. Any rise in body temperature disturbs the normal functions of the various organs of

the body. While a certain amount of heat is produced in glandular and other structures of the body, the muscles are the principal source of heat production. Loss of heat which accompanies loss of moisture takes place chiefly through the lungs and the skin. In active exercise and muscular labor, heat is rapidly formed, and, if not lost by perspiration and by exhalation of moisture from the lungs, it accumulates and the body temperature rises above normal; the individual becomes feverish. This is not infrequently the case in humid days of summer, because radiation and evaporation are largely retarded by a high percentage of humidity in the atmosphere.

Recent investigations tend to show that the unhygienic condition of crowded workshops and of schools and the lowered vitality of workers and school children are due to increased body temperature resulting primarily from an accumulation of moisture in the atmosphere.

Water not only regulates the degree of temperature of the body but acts as a distributor of heat, carrying heat from one portion to another and equalizing the temperature of the body.

The temperature of water affects its attractiveness; water that is lukewarm is not palatable, and ordinarily people will not drink a sufficient quantity of it. The temperature of the water also affects health; iced water, if taken in large quantities, frequently produces cramp. While water should not be iced, it is well in summer that it should be cooled. The temperature should be about 50° F. Cold water of this

character stimulates the heart. It also somewhat relieves the internal temperature. Imbibing a sufficiency of water removes thirst; thus the drinking of water probably tends to lessen alcoholism.

Many cases of dysentery, diarrhoea, typhoid, and some cases of indigestion and intestinal disturbances arise from bacteria in water. Of the various methods of typhoid infection, the drinking of polluted water is the cause of by far the greatest number of cases. Asiatic cholera is almost exclusively a water-borne disease. In addition, water may carry worms and other animal parasites.

Disease may also occur from drinking cups being used in common. Medical researches show that some of the most serious diseases can be communicated through the common drinking cup. To remove this danger, sanitary fountains are constantly being installed. To encourage adequate use of drinking water, it should be attractive; it should be close to the worker; it should be wholesome; the temperature should be regulated; the common drinking cup should be abolished and sanitary fountains should be used instead. It is necessary that these should be properly designed, since some types now in use are almost as likely to be a source of infection as the common cup. Lead pipes should not be used for the distribution of drinking water supplies.

To discuss all the other topics from the physiological standpoint in similar detail would require too much space, so I will conclude with a brief review of what has been done along

these lines in the iron and steel industry, with which I am associated.

Much has been done in the installation of basins and showers and in the erection of dry-houses. In many places these have had the widest use, a large percentage of the employees bathing daily. Here again we cannot adequately estimate the good derived. But we do know that such facilities enhance one's self-respect and the respect of others. The opportunity to wash before going home makes the work of the home less burdensome, and cleanliness of the hands is of especial importance because hands carry disease.

Shower baths affect the circulation of the blood, not only in the skin but in the whole body. They produce a redistribution of the blood in the body and for the time being there is an actual change in the blood itself. They eliminate more rapidly the products of waste and so constitute one of the methods of relieving fatigue. Cold showers increase capacity for muscular work. A shower bath removes the waste products from the skin and makes one less liable to harm from a change in temperature. It reduces the heat of the body, especially on humid days when the body temperature may rise above normal. Incidentally, I would mention that the roller towel has been abandoned in a large number of plants.

Many new toilets of modern construction have been built and hundreds of old privies have been abolished. Especial

care has been given to the exclusion of flies and the prevention of pollution of the soil. There have been many improvements in the disposal of collection from pan privies, especially by incineration or in septic tanks. Much pollution of streams has been done away with. Thousands of dollars have been spent for drainage, particularly of back alleys and streets. This drainage has also had a very beneficial effect in the prevention of the breeding of mosquitoes and prevention of malaria.

Better methods of collection of garbage are constantly being installed with frequent periods of collection. Much has been done in the way of educating employees in the use of garbage cans and the necessity of keeping the contents covered, in order to prevent the carrying of bacteria by flies from the can to the table. Toward preventing the breeding of flies much has been done, especially in mining camps and villages, by the prompt removal of manure and by making stables more sanitary. Education by circulars explaining the danger of flies as carriers of disease we believe has accomplished much.

The cooling of work-places in summer is now being considered in many plants, and much is being done to make heated work places more comfortable, thus preventing heat stroke.

Thirty years ago, according to English statistics, nearly all who breathed dust from grinding steel and stone, died sooner



or later from tuberculosis. Such dust has been entirely eliminated from certain mills in the industry. Air conditions have been much improved by the elimination of the hydrocarbon series and other gases produced by open fires where combustion is incomplete. These gases are now carried to the outside of the building. Much improvement has been made in the heating of plants in winter by fresh air brought from the outside, filtered, warmed and distributed to the various parts of the building to be heated. This insures a good supply of air free from dust and gases.

How often have men fallen upon fruit skins or the remains of luncheon thrown upon the ground, or have stepped upon a plank on which a rusted nail has been sticking out. Perhaps more has been done in the making of clean yards than in any other direction. It is also to be noted that the psychological effect of pleasant and clean surroundings has an excellent effect upon the workmen. Beauty and order are persuasive everywhere, and few people can resist them.

Progress in first-aid has been so wonderful that the steel industry is now leading the work in this line of welfare work. The reduction of septic cases, in some places from 50 per cent. to 0.1 per cent., speaks volumes. Nowhere else in the world has such provision been made for the care of employees who are injured. The emergency hospitals which have been provided near mine and mill stand to-day as examples for the whole world. They have materially aided in reducing human suffering. Many lives have been saved, much has been

done to prevent fatal termination, by prompt care and by the knowledge on the part of the injured workman that such care is the best that can be obtained.

A rest farm for the wives of employees who are in poor health has been established. This farm is under the care of a physician and a nurse. The support given settlement houses and the employment of trained nurses have done much toward keeping the companies in sympathy with employees and replacing despondency with sunshine and gladness. These trained nurses have given their attention to the women and children, particularly babies. Their duties include the weekly weighing of babies, teaching mothers how to dress and undress them, how to modify their milk, the guidance of expectant mothers and nursing them during confinement, the care of children, school inspection and other things too numerous to mention. Domestic educators have taught them how to clean house and the essentials of good housekeeping.

What the race will achieve in the future depends much on the conservation of the health of the children of the nation and in the education of these children. Many efforts have been put forth in the industry for the prevention of disease among children. The establishment of playgrounds is a step in this direction. Play is essential to the education of a child, and these playgrounds promote health by the effect of sunlight, of fresh air, of exercise on body processes, and by inducing appetite and healthful sleep. At many of the playgrounds certain accessories have been provided which

aid both in education and in health, such as drinking fountains, wash rooms, and water closets, and teachers have been provided to instruct in play and in the use of these accessories. Club houses have been erected, and much has been done to provide recreation for all ages.

All energy being derived from food, good food is then of great importance. Some plants have provided dining rooms and restaurants, with freshly and properly prepared and well selected foods, furnished at the lowest practicable price, served under cheerful and pleasant surroundings. To prevent ptomaine and toxic poisoning, commissaries are often essential in order that food may be properly protected from flies and kept from spoiling by means of refrigerators. As with milk, they also fix the standard of quality.

Many a man has been kept awake by a crying child, and injuries have happened from the worry over the sick child at home. Such conditions have been done away with in certain places by furnishing certified milk at a reasonable cost, some companies having herds of cows for this purpose.

Good housing is essential to both health and contentment, because it is at home that the workman builds up his strength to perform life's duties. Much has been done in the erection of excellent houses on healthful and sanitary sites, rented or sold at reasonable rates. Many have all modern conveniences.

Construction camps have been improved. Some of recent

design have the appearance of a tuberculosis sanitarium and are just as good in construction.

Of distinct economic value has been the encouragement given by employers to those living in mining and industrial villages by fencing in plots for gardens, assisting when necessary in plowing and fertilization, and stimulating the employees and encouraging them in thrift and industry by offering prizes for the gardens. These gardens reduce the cost of living — some yielding vegetables enough for the family and also a surplus for sale — and they promote health by bringing the members of the family into the fresh air and sunshine. They mean cleaner yards and better care of drainage and waste, thus preventing odors and the breeding of flies and mosquitoes. They provide a greater variety of food, for many workmen eat too much meat, and an excess of flesh diet is not conducive to the best work, growth, or health. They tend to abolition or the confining of domestic animals. They promote morality, keep the owner from the saloon and promote his own self-respect. They help make homes and have a refining influence on the family.



## XXVIII

# APPLIED INDUSTRIAL HUMANICS <sup>1</sup>

R. K. SNAVELY

One might expect to hear much of our duty to humanity from a far-visioned statesman or an eminent churchman. But when one hears little about the thing in the abstract, yet sees a great industrial experiment in humanics actually put into practice with over 20,000 employes of an enormous corporation, something grips his emotions. The soulless corporation, indeed! Well, corporations are still run by men. There is one company that furnishes its employees with free dental and medical and optical service, rest and lunch rooms, library and gymnasium, health, accident and life insurance, free education and musical societies, dances, pensions, glee clubs, rainy day umbrellas, a free tubercular sanatorium, two to four weeks' vacation, and — pays the regular wage scale. Is there anything soulless about that?

The present general unrest can not seemingly be met merely by wage increases. We need something more than that. We must get to the root of the matter and take meas-

<sup>1</sup> This practical experiment is intended both as an illustration and an inspiration of what can be done.

ures for protection against ill health, disability, death, unemployment, and so on. That, precisely, is what the Metropolitan Life Insurance Company of New York City is doing; and when you see it work, you feel a constriction of the throat and a warm glow in the heart.

In 1893 the company established a lunch room, and nearly every year since there has been some innovation such as athletic associations, pensions, educational facilities, savings funds, medical examinations, dental clinics, and so on. Applied humanics! And this concern has been on the crest of the movement for humanizing industry ever since. The objects have been to increase efficiency, encourage company spirit and loyalty, and to secure greater permanency of employees. No undue interference in the life of the employee in order to help him, and doing welfare work in addition to rather than in place of the regular wages have been two thoughts in the minds of those at the head of the work. Strange as it may seem, it has paid dividends! Actually, the welfare work of this pioneer company has been good business for both factors of the employment relation.

The restaurants of the company are complete in every way, and the company bakes bread, cakes and rolls, makes ice cream, and has its own kitchens, dishwashing machinery, waiting service and meals—although without cost to the employees. The bakery equipment is complete and scrupulously clean, and so are the rest of the facilities. White linen table covers and good tableware with quick service and

clean healthy food make this restaurant compare to advantage with the "hash-house" or even the good business lunch ordinarily frequented by the clerks in big cities. Food is ready to serve two minutes before lunch hour, and the meal takes only fifteen minutes, leaving the employees twenty minutes to do as they please.

Dancing is encouraged during lunch hour, and throughout the winter the company furnishes free music two days a week for this purpose. The dances on the floor of the Assembly Room are only one of the social affairs carried on by the employees with the company's assistance. Entertainments, musicals, glee club recitals, and similar events are held frequently during the year. Besides the Glee Club, there is the Girls' Glee Club, the Plectrum Club (a string orchestra of women clerks), and one of the biggest and best bands in New York City, composed of over a hundred pieces played entirely by home office clerks of the company.

Most of the social events of the company are held in the Assembly Room, which is also used for bi-weekly classes in stenography and typewriting, and for classes in algebra and commercial English, free of charge. The correspondence course in the principles of life insurance alone had an enrolled membership in 1918 of nearly five thousand field and home office employees.

The library is a branch of the New York Public Library, with over 23,000 books and more than double that circulation, and it contains the best social insurance library in the



country. Employees are continually increasing their use of this educational feature. Besides the large number of books on the company shelves, the entire collection of the public library is accessible through the branch. The field covers everything from fiction to the most technical insurance subjects.

Girls who are earning their own living and who perhaps are not equipped as yet for high salaries are not limited in their opportunities for betterment to the educational classes, the social and musical, athletic and reading facilities. Realizing also that a girl who can make her own clothes can save more money and still live better, the company installed six power machines in a sewing room under a trained dressmaker, and started teaching those girl workers who wished to learn how to make their own clothes. Not content with that, they then offered millinery instruction under trained teachers. One hundred persons a month attended the dressmaking classes, and over 400 learned to make and trim hats.

The hours of the company are from nine in the morning until four-thirty in the afternoon. The company has always felt that by closing at half past four they afforded their clerks an opportunity to avoid the strain of rush hour, attend to private affairs, and live in the more healthy surroundings of adjoining suburbs. The lunch hour is thirty-five minutes, with five minute periods at eleven and three o'clock for relaxation and voluntary calisthenics with the windows opened. This makes the entire period off duty during the day forty-

five minutes. Considering the fact that the company furnishes the luncheons for its employees without charge, this period is more than sufficiently long. The working day is therefore seven hours.

Gymnasium classes in the fully-equipped gymnasium are held on Monday, Wednesday, Friday and Saturday for men, and Tuesday and Thursday for women. There are four shower baths, 350 lockers, a handball court, a basketball court, and complete athletic apparatus. Class instruction is given in boxing, wrestling and calisthenics. The Athletic Association matches its baseball, basketball and simliar teams against outsiders, in addition to inter-department competitive events.

Towels are supplied twice a week to all the home office employees and are kept with comb and brush in the specially constructed individual towel lockers at the lavatories. Individual drinking glasses are furnished to every employe, and on rainy days an umbrella is laid on every desk a few minutes before closing time. No charge is made for this except that failure to return the umbrella upon the following day incurs a rental charge of ten cents a day. The startling thing about it all is that it has paid the company in increased health to buy six thousand umbrellas and lend them to their employes in case of sudden storms.

The employees themselves manage and maintain a co-operative store at which the highest quality goods are sold at little more than cost, the officers of the Co-operative Association

helping to conduct the store, for which the company pays the rent. The year 1918 showed an increase in business for this store of ten per cent., with a total turnover of \$92,000 for the year.

Certainly that helps, in these days of the ten cent loaf and the nine cent egg. But the company has another scheme for helping to encourage thrift among its employees and to teach them how to save. For every dollar that an employee puts into the Staff Savings Fund, the company puts in fifty cents. The employee's dollar draws five per cent. interest; the employee also draws his share of interest from the entire deposits of the company in this fund, and that amounts to almost as much as he draws on his own deposit. On the left hand side of the bank book is the account of the employee's own deposits; on the right, the company's. One of the employees showed the writer a book indicating interest, for the first year, on the company's fifty cents to match his first dollar, of four cents, and on the left hand page he drew five cents interest on his own dollar — making that dollar worth to him, \$1.59 in one year.

The employee is free to withdraw his deposits at any time he desires but may not withdraw part. If he withdraws anything, he must withdraw all; and when he does that, the company's deposits are withdrawn from his account and put back into the general fund to draw interest for the benefit of those employees who leave their funds on deposit. That is why the company's fifty cents draws four cents interest a year

instead of two and a half. At the beginning of 1919 nearly 8,000 depositors had more than four million dollars credited to their accounts in the Staff Savings Fund, of which the company had subscribed half. Upon the retirement or death of a depositor, the total amount to his credit is paid to him or his next of kin as designated.

As a side issue, and partly to encourage enrollment in the Staff Savings Fund, the company maintains a branch depository of the Vacation Association, Inc., where 1,762 depositors started funds amounting last year to \$23,208.50. This fund enables clerks to save up for vacation expenses, and also encourages them to take advantage of the Staff Savings Fund.

The company requires a full stint of work each day from every employee. Their people work hard, but they concentrate that work during seven hours in a day. The company realizes that every one cannot do the same amount of work without suffering, but it also believes that if its people are properly chosen from the standpoint of adaptability for the work which is required of them they can do their day's stint without strain. It therefore puts all applicants through a complete mental and physical examination before acceptance for employment. Its mental examination determines whether the applicant is really fitted for the job he seeks, and also whether that employee is better fitted for some other job, and whether he has it in him to advance to greater usefulness to the company with larger profit to himself. The physical examination is largely for the protection of the people al-

ready employed, but also to secure people who are physically fit to do the work they are called upon to perform.

But to stop at merely hiring persons mentally and physically equipped to do the work for which they are employed does not meet the company's idea of applied humanics. Each year every employee is put through a thorough medical examination as complete as the entrance examination, and as thorough as that given to prospective policy holders. The purpose is fourfold; to detect disease in the incipient stage, to correct minor defects brought out by examination, to encourage treatment, and to prevent disease. Those who are engaged in the company's Commissary Department are more frequently examined for obvious reasons connected with the preparation and serving of food.

There are complete medical, dental and optical clinics and dispensaries, with rest room facilities for both sexes. The medical clinic includes a dispensary where everything from a sore toe or a boil to rheumatism is treated. A daily average of 110 visits a day has been maintained for a period of years. The queerest results are obtained, such as curing rheumatism through treatment of a defective tooth, or the recovery of failing eyesight through discovery and cure of an abscess in the front of the jaw. The company has learned that it paid to make 3,871 X-ray pictures because of suspected serious conditions in the teeth. One interesting result is the analysis of the relationship between defective teeth and attendance records and clerical inefficiency. The company

examines and cleans the teeth of all employees semi-annually without charge. In 1918 over eight thousand emergency cases were treated, and if the dental dispensary had not been available there would probably have been a loss of half a day in each case. The company saved 4,000 days time!

In 1913 a sanatorium was built by the company to care for employees who developed tuberculosis. Up to January 1, 1919, over a thousand cases were treated and discharged. In 1918 nearly two hundred tubercular patients were discharged, and of those coming to the "San" during the year 53 per cent. were in the incipient stage, 42 per cent. moderately advanced, and a little over 5 per cent. far advanced. The company has learned that 76 per cent. of the cases occur between the ages of twenty and forty, which indicates the pressing need for discovering tuberculosis at its first manifestation, while full working efficiency can be restored.

Sometimes it develops that an employee is nervous and run down. Immediately that employee is brought under the observation of the medical staff, and a pint of grade A milk is furnished at the price of six cents, twice a day at eleven and three. This price is about half the city consumer price and is as a matter of fact quite a bit less than cost. The patient is carefully weighed twice a week, and if no improvement is noted, is sent to the sanatorium for a rest. During 1918 ninety-four persons were discharged from the sanatorium who had suffered from diseases other than tubercu-

losis, while the total cures amounted to 286. The sanatorium is capable of handling 325 patients.

Upon discharge from the sanatorium and return to work, the employee is weighed twice a week and examined carefully twice a month for a period of six months. If a recurrence of the disease is noted through this careful watching, the patient is returned for further treatment. Any illness suffered by an employee requires that upon convalescence the employee shall first report to the medical division, with the double purpose of preventing too early return to work, and also to prevent infection of other employees. Often a nurse is sent to the home of an employee reporting on the sick list for two days or more, to see if there is anything she can do.

The Optical Clinic has done excellent work, being held regularly each afternoon, with an optician present three afternoons each week, to fit and adjust glasses. Nearly a thousand eye tests were made during 1918, and new glasses were furnished at wholesale rates, while the total visits to the optician amounted to 2,419. Glasses were loaned in 293 cases, and repairs and new glasses were made in 3,468 cases.

It might also be said that emergency surgical facilities are provided, although most of the company's work is clerical and there is no great prospect of accident requiring surgery. Nevertheless there is a room with complete equipment for minor emergency operations.

So it can be readily seen that the company is convinced it owes the duty of keeping its employees physically fit. It

saves time for the company to have these facilities right in the building; it saves lives, and it saves health. Incidentally, it saves money — both for the company and for the employee. It saves the company the loss of a highly trained worker, and the cost of hiring and training a new one; while it saves the employee health, strength and often his life by curing an incipient disease before it has become a serious menace. It saves that employee the loss of wages and it saves him the cost of medical services. The constant care has the effect, also, of increasing longevity.

In August, 1914, the company offered to employees an insurance plan under which provision could be made against sickness and accident. One-half of the premiums are paid by the company. By the end of 1918 over fourteen thousand employees from the field and home office forces had availed themselves of this offer. A total of 21,952 claims were paid in 1918, amounting to \$263,809.70, of which half were from home office employees.

Under this form of insurance, two-thirds of the weekly salary is paid for sickness during twenty-six weeks, beginning with the eighth day of disability. From the beginning of the twenty-seventh week to the expiration of the fifth year of sickness, one-half of the original benefit, or one-third of the salary is paid. After five years and until the employee reaches the age of 65, the benefit amounts to one-fourth of the original weekly sum. The first seven days are provided for by the system of absence credits against which the employee





may charge any unavoidable absence not provided for by the disability policy. Length of service is emphasized and encouraged by the system of absence credits, running from one day a month for employees of less than a year's standing at two-thirds pay, to twenty-four days at full pay for those in service over twenty-five years.

Engaged as it is in the business of life insurance, the company believes in the value of group insurance by which all employees are insured under one policy and the premiums paid by the company. During the year 1918 over \$100,000 was paid on about a hundred death claims among its employees. Each employee is insured for the full amount of a year's salary at all times during his employment, and as his wage scale advances, the insurance rises also. Insurance may be taken out after six months of employment without charge for medical examination up to a period of eight months of employment, after which he is required to pay for the examination.

Pensions are a part of the established practice of the company and are continued in spite of the many innovations which have taken place within the last few years. During the year 1918 the following rule was put into effect for the benefit of Home Office employees:

Any Home Office Clerical employee insured under the Group Health policy, having passed age 65, whether incapacitated or not, may, if he desires, be referred, on the recommendation of the Section Head, to the Executive to be retired at one-third salary.

That is the most liberal of pension plans ever adopted by any company, and it practically assures every disabled or superannuated employee the equivalent of one-third salary for life. A total sum of \$252,622.51 was paid to 481 field employees, and \$23,228.59 was paid to 49 home office employees in the previous year under the pension plan.

Loyalty to the company, permanency of the working force, and resultant increase of efficiency seem to the company to justify the cost of this service to its employees; and the company believes that it owes more to its workers than the mere payment of dollars — the rental of their services. The employees, on the other hand, are inclined to stay with a company that treats them so fairly, and besides, a higher type of applicant is found among the friends of employees already on the payroll; and this in turn tends to breed company spirit and loyalty.

Labor turnover is a big item in overhead, and while the company has not, owing to war conditions, been able to further reduce this over pre-war results, yet the labor turnover is far lower than that of similar employers. The claim may well be advanced that a large part of the service to employees is paid for by the reduction in cost of labor turnover. Labor turnover is a very important part of overhead expense, and there is a dearth of loyalty on the part of employees generally almost greater than the shortage of labor. The scheme of protecting workpeople against death, disease and accident tends to reduce overhead and encourage loyalty.

Square dealing, eye to eye and face to face, between employer and employed — the honest desire to protect the employee, honestly carried out — these things are the real solution of industrial unrest. Protecting the workman and his family; advancing the employee by education for increased productive value; helping men to help themselves — such things as those are the “Open Sesame” to industrial peace and prosperity.

## XXIX

# VACATIONS WOULD DECREASE STRIKES <sup>1</sup>

THE EDITOR OF FORBES' MAGAZINE

Are factory workers as much entitled to vacations as clerks in stores, stenographers, and other office workers?

Nobody wants to work fifty-two weeks every year. Everybody likes to look forward to a breathing spell, to getting off the chain, to being one's own boss and following one's own sweet will for a week or more once a year.

Is there not a relationship between strikes in large plants and the absence of annual vacations?

Some strikes which have occurred lately indicate that the employees were simply tired of working without a break and that they resorted to a strike as the only means of obtaining a good rest or a fling at recreation.

Glasgow, the largest industrial center in Scotland and one of the largest in Britain, takes a week's holiday every summer. Every shipyard, every industry and almost every business establishment, outside of restaurants and the like, closes doors and holds holiday. All through the year workers look

<sup>1</sup> *Forbes' Magazine*, October 4, 1919.—Published in New York City.

forward to and talk about "Fair Week," as they call it. The knowledge that this respite from the daily round is coming serves as a tonic all through the year. The workmen know that they can then sleep in bed as long as they wish every morning and loaf to their heart's content. Even the poorest of families usually contrive to leave the hot city and spend the week at the seaside or in the country.

Those earning day wages are not, as a rule, paid for this week, but clerks and others on weekly salaries receive their pay as usual.

Is not this idea of a week's vacation for all mills, factories, and other plants worthy of adoption here?

John Leitch introduced it at one of his Industrial Democracy plants a number of years ago with very great success. The workers received either whole or half pay, according to their length of service.

It is questionable, however, whether it would not be best to pay even daily wage earners for the annual week off — that is, all those on the payroll for a year or more. There does not seem to be very much more reason for giving almost every other class of workers an annual vacation, with pay, and denying both vacation and pay to those who work in industrial establishments, in mines, on railroads or other plants. The week's rest would bring the men back with reinforced vitality, with renewed vigor, with greater enthusiasm. Moreover, generous treatment along this line could scarcely fail to improve the morale and intensify the loyalty of a force.

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Of course, there is a difference between those paid by the day or by piece work and those on weekly salaries. The wage earner, as a rule, insists upon receiving overtime for every extra hour he works, whereas clerks and others on salaries frequently stay after regular hours without expecting or receiving additional remuneration.

But there is a larger question involved than the strictly financial one. The great problem to-day is to get labor to work industriously and produce a reasonably full amount, to make men satisfied with their lot. If the shutting down of a plant for one week in the fifty-two — or the granting of vacations by rotation where it would not be possible to shut down — would do much to increase the contentment, the happiness, and the loyalty of the great majority of workers, then the annual vacation would probably prove an invaluable measure even were both daily wage earners and piece workers fully remunerated.

This suggestion may appear too radical. Remember, however, that when agitation first arose against the seven-day week, many employers raised their hands and their voices in protest, claiming that such a step was entirely impracticable, that it would play havoc with the running of their plants, and that the men themselves were not anxious for such an innovation. Well, the seven-day week no longer prevails. In getting a week's vacation, wage earners would be getting nothing more than the majority of workers already enjoy. As to whether full pay or half pay, or even, in some

cases, no pay should be allowed, is of less moment than is the principle.

There are few employers who do not take more than a week's vacation every year. Nearly all executives, also, are given several weeks off. And clerks usually get some sort of vacation. Is it altogether astonishing that workers should seek pretenses to stop work for a while every now and again? At present a strike is about the only weapon they can use to obtain this.

It may be argued that there are so many public holidays that business is interfered with too much already. This is in a sense true. Yet, one day off is very different from a full week or a fortnight. One day does not permit of any change of scene such as the British workers can and do enjoy during their week's holiday. In these modern days many workers desire to travel, to see distant places, to take their families off for a vacation and to do other things which it is possible to do in a week but which cannot be done in one day.

I have sounded numbers of employers on this question and the majority like the idea. Some immediately assumed that the workers would not and could not expect to be paid during a week when they did not work since they insist upon being paid for every half-hour overtime they put in. There is, however, a leaning towards an arrangement whereby length of service would entitle employees to either whole or part pay during such a period.

My own thought is that if an annual vacation of a week

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accomplished half as much as I believe it would accomplish in the way of making labor more satisfied with its lot, and in improving the health, the mentality and the general happiness and wellbeing of the workers, the step would prove an extremely wise one from every point of view — industrial, social, national.

Those employers who have a vacation system in operation are hereby invited to send in a brief account of their experiences, with a view to developing discussion and interest and enlightenment, so that the movement, if this were adjudged advisable, may be taken up by employers throughout the country.





# XXX

## REGULATING CAPITAL AND LABOR <sup>1</sup>

DANIEL GUGGENHEIM

The following suggestions are made toward solving the problems of industrial unrest:

Congressional legislation chartering both employers' and employees' organizations involved in interstate business.

Passage of a law preventing strikes or lockouts without full investigation and report.

Laws making decent working conditions and hours of labor, which have been voluntarily put into effect by some employers, to be made compulsory.

The use of moral suasion to force arbitration; employers and employees to be compelled to respect their agreements, and the appointment of a commission to carry out this program.

Analyzing the present unrest, which seemed to him to be of gradual growth, Mr. Guggenheim traced the changed relations between employer and employee from a personal basis, which existed up to the middle of the nineteenth century, down to the present day, when the management of a business is almost entirely out of touch with its employees. In the

<sup>1</sup> From an interview in the *New York Times*, October 29, 1919.

early part of the twentieth century, he said, many employers began to realize that this condition was intolerable and contrary to public welfare.

By 1914, Mr. Guggenheim said, most of the large employers had provided, under welfare work, for improved working conditions, accepting the principle that an employee must be treated as a citizen with human rights and not as a machine. By that time they had voluntarily provided for accident prevention, hygienic conditions, old age pensions, life insurance, medical attention for employee and family, visiting nurses, and healthful recreation.

"They also had fallen in with the spirit of the times, as exemplified by the laws of various States providing for workmen's compensation, abolition of child labor, (except under certain regulated conditions), the eight-hour day, special restrictions on the hours of women's work and prevention of discrimination against union members," he continued.

"The prosperity of industry in this country during the first years of the war, and the natural limitations on immigration in conjunction with the increased demand for labor, resulted in giving the employees the upper hand in their demands for increased and ever increasing wages and shorter hours, and at the same time to obtain a greater voice as to conditions of employment. This went hand in hand with increasing activity on the part of the employer along welfare lines, so that even the small employer who, because of his financial condition, was unable to carry out this program


alone, joined with others to put it through along approved lines.

"After our entry into the war an appeal was made to the patriotism of the employer to increase production regardless of cost. This stimulus, together with the withdrawal of millions of men from the ranks of regular industry to the Army, Navy and munition and ship building plants, gave the employee a dominant power in the industrial system which, because of his patriotism, was, on the whole, judiciously and moderately exercised.

"Now that the war is over, labor is attempting to use its power to the limit, and the radicals in the labor movement are demanding what is virtually control of industry. This demand is, in essence, an attempt for a class autocracy of labor, which is nothing more or less than Bolshevism, just as the autocracy of the employer during the last years of the nineteenth century was tending to become a class autocracy, or oligarchy.

"In other words, the pendulum which had been swinging to the one extreme of undue power for the employer and the industrial captains, was checked and started in the other direction, so that it has swung too far to the other extreme of undue power for labor.

"I believe the American people, who have before them the example of Russia, will never permit Bolshevism, the control by the ignorant, nor control by an oligarchy of the rich, to exist in this country either in Government or industry.



"The American people have seen within the last two years in Russia both these extremes; first the knout of the Cossack carrying out the orders of the small autocratic group, and then the ravages of the 'Red' group carrying out the orders of a small clique of the proletariat, more autocratic than the monarchists. They have seen the result on industry of both these systems; first, the slow and inefficient development of great natural resources because of the domination and utter disregard of others by the employer, and later the breaking down in its entirety of even this comparatively small start in industrial development by the control of the unintelligent.


"I have been told by unimpeachable authority that when the Bolsheviki took control of certain mines in Siberia the workmen ordered the former foremen, superintendents, engineers, and managers into the mines as laborers, and they then took over the management of the mines. The leader elected to become a manager said his idea of the duties of a manager was to write out a lot of figures on pieces of paper and tear them up, and smoke cigarettes. The result of such management was just as could be expected, and the mine was abandoned.

"I have been told of ex-janitors of schools being made local heads of educational departments overnight. This state of affairs will never be sanctioned by the American people, for they have too much sanity and common sense, and will never permit any control of either Government or industry by the ignorant.

"We must, however, guard against the constant swinging of the pendulum from one extreme to the other. We must keep the pendulum safely within the progressive limits of the middle ground, and I believe that to do this there is need of proper Federal legislation to cover all concerns doing interstate business, as well as all labor organizations. I believe this legislation could only be brought about by the advice and administration of experts.

"I suggest that Congress pass legislation along the following lines: First, charter both the employer engaged in interstate business and organizations of employees involved in such business, and that at the same time those measures for decent working conditions and hours of labor which have been put into effect voluntarily by some employers be translated into laws and be made compulsory; that a law be passed against strikes or lockouts without full investigation and report; that all moral suasion be used in forcing arbitration in the case of industrial disputes, and that both the employer and employee be compelled to respect their agreements.

"I believe the best way to carry out this program would be for Congress to appoint a commission with wide powers, this commission to consist of an equal number of representatives of employers and employees, and that the employers' representatives be appointed by Congress upon recommendation made by such semi-official bodies as the United States Chamber of Commerce. The commission so appointed would select one additional member to act as its Chairman.



"This commission should have power to revoke licenses given to industrial concerns or to labor organizations, and provide for investigations before strikes or lockouts, and to bring pressure to bear to permit it to arbitrate differences. This commission should be non-political, and the members should be appointed to continue in office for life, subject to certain limitations, similar to those affecting the duties of our Supreme Court.

"They should have all necessary authority and should be strengthened in every way possible, and they should have ample funds to carry on their work of investigation, to employ experts and to make recommendations to Congress on industrial matters. The members of the commission should receive salaries sufficient to permit obtaining the highest possible grade of men, and everything should be done to build up its authority and influence.

"I believe it is of the utmost importance to provide for our taking, in some such way, a middle-of-the-road progressive policy in dealing with the industrial problems so that we will be able to stabilize industry, encourage initiative and enterprise, and at the same time build up a self-respecting, healthy and happy class of employees, all of whom will feel that their rights are carefully safeguarded, and that the avenues of opportunity for betterment of their financial condition are not closed, but that every one has an opportunity of reaching a level commensurate with his own ability, and that at no time will any one who is willing to do an honest day's work

be unable to earn a decent living for himself and family."

My views in this regard cannot be better expressed than in the words of Premier Lloyd George of England in commenting on their recent railroad strike: "The strike proved that this is a really democratic country where public opinion must prevail. . . . Prussianism in the industrial and economic world must not prevail. . . . The nation means to be strong, firm, and just, but always master."





# XXXI

## IMMIGRATION IN THE NEW AGE<sup>1</sup>

JEREMIAH W. JENKS

The importance at least of the question of immigration is shown by the fact that the bill introduced on March 4 by the Chairman of the Immigration Committee of the Senate provided for the total exclusion of immigrants for a period of four years. It is recognized that among our immigrants are many people of cultivation and high ideals; but the facts also show that, especially during later years, the preponderant numbers of the immigrants arriving are inferior to the great mass of the native born citizens and the children of earlier immigrants in literacy, standard of living, and other marks of a high civilization. Considering that, during the years immediately preceding the outbreak of the European war, the average number of immigrants arriving each year was well over a million, and that in many of our larger cities the immigrants and their children form a majority so that they control the governments, the importance of the problem becomes manifest.

During the earlier periods of our country, the bulk of our

<sup>1</sup> Adapted by permission from *The Homiletic Review*, June, 1919.

immigration came from countries inhabited by races whose education is much more nearly like our own, and their political ideas and ideals, so far as local governments are concerned, were similar, with the exception of Germany.

Before and after the year 1883, we may speak of the old immigration as that coming from Great Britain, Belgium, Denmark, France, Germany, The Netherlands, Norway, Sweden, and Switzerland. Up to that date these countries furnished some 95 per cent. of the total number of immigrants. In 1907, on the other hand, 81 per cent. of the total number of European immigrants, including Syrians, came from Austria-Hungary, Bulgaria, Greece, Italy, Montenegro, Poland, Portugal, Roumania, Russia, Serbia, Spain, Syria, Turkey. That is to say, up to 1883 86.9% were of the old immigration and 13.1 of the new immigration. In 1907, only 19% were of the old immigration and 81% of the new.

In round numbers over a period of years, the new immigration had largely taken the place of the old; and this meant that the new immigrants differed largely in race, in language, in education, and political and social ideals.

During the war, with almost a cessation of immigration, we were able to meet reasonably well labor demands, although in order to do so many more women were engaged in industrial occupations than before. Moreover, the standard of living of the wage-earners improved in many particulars, and there was, until after the armistice, only a negligible amount of unemployment. The experience seems to

confirm the reasoning and the wisdom of the recommendations of the Immigration Commission in advocating further restriction of immigration in order to improve the industrial condition of wage-earners. The principles that should be followed in legislation are those laid down by unanimous action in the report of the Immigration Commission as follows:

1. While the American people, as in the past, welcome the oppress of other lands, care should be taken that immigration be such both in quality and quantity as not to make too difficult the process of assimilation.

2. Since the existing law and further special legislation recommended in this report deal with the physically and morally unfit, further general legislation concerning the admission of aliens should be based primarily upon economic or business considerations touching the prosperity and economic well-being of our people.

3. The measure of the rational, healthy development of a country is not the extent of its investment of capital, its output of products, or its exports and imports, unless there is a corresponding economic opportunity afforded to the citizen dependent upon employment for his material, mental, and moral development.

4. The development of business may be brought about by means which lower the standard of living of the wage-earners. A slow expansion of industry which would permit the adaptation and assimilation of the incoming labor supply is preferable to a rapid industrial expansion which results

in the immigration of laborers of low standards and efficiency, who imperil the American standard of wages and conditions of employment."

The chief cause of immigration is economic. Conditions of living in Europe have been less favorable than in the United States. When economic conditions in certain European States have improved, as in Great Britain and in Germany, emigration from those States has fallen off. As economic conditions in Canada have more nearly approached the favorable economic conditions in the United States, British emigrants have tended to go in larger numbers to Canada and in smaller numbers to the United States. Similarly, emigrants from Germany have directed their attention to Brazil primarily for economic reasons. As has been seen, our great immigration of the later years has come from Italy, especially Southern Italy, from Austria-Hungary, and from Southern Russia. In all of these countries the living conditions and working conditions are greatly inferior to those in the United States, and the overwhelming reason for the emigration from those countries is economic. The people hope and expect and know they can live better here and receive better rewards for their labors than in their home countries.

Doubtless combined with this economic motive in many cases is the spirit of adventure. Young people especially like the idea of going to foreign lands to seek their fortunes.

In many instances this has been the prime motive. At present it is secondary, but it is still found.

Again, especially in European countries where compulsory military service obtained, the desire to escape from the two or three years' service in the army was often the determining factor in sending people to this country. Yet that factor alone is not so important as the hope of bettering one's condition.

Certain immediate inducements to immigration operate in special places and at special times. These inducements are the stories told by the immigrant who has returned to his native land either on a visit or because he has acquired in the United States what for him is a competence, and wishes to invest his savings in his old home and become a proprietor. Such a living example of a higher standard of living in the United States stimulates the desire of others to emulate the example.

Again, the railway and steamship companies, in order to increase their profits, did in earlier times in many cases spread throughout the countries of Southern Europe alluring stories of the fortunes that await the emigrant in the United States.

Certain European countries, in order to free themselves of burdens, have encouraged their paupers or criminals to emigrate to the United States. There is no reason to believe that at the present time there are direct efforts in that

direction. Such action is contrary to law, and the people would be promptly debarred at the port of entry if they were discovered. It is still, however, probably true that local officials, at times, wink at the departure of these classes, especially criminals or those with criminal tendencies, and the criminals themselves, of course, often seek to make a change.

In the earlier days the immigrants coming to this country expected to become permanent residents, and a large proportion of them became farmers. The new immigrants, with the exception of the Russian Hebrews who are largely city dwellers, come from country districts. In this country, however, finding our free agricultural land already taken, they drift to mining and manufacturing centers where they receive wages much higher than any known at home, though quite possibly so low that they will affect, unfavorably, the American standard of living. Moreover, in the cities they enter occupations new for them where they are relatively inefficient, and in consequence receive lower pay than the American workmen, a procedure that tends to reduce our living standard.

The old immigrants generally came in families with the purpose of making America their permanent home. Their wives and their children came with them. Our later immigration, however, shows a much smaller percentage of women — perhaps, relatively, not more than half as many as came earlier. This fact makes it much less likely that the new

immigrants will become readily assimilated into American institutions than those of the old immigration. When we consider how fundamental is the institution of the family, we may see what care should be taken to prevent immigration that would weaken the strength of the family tie.

The later immigrants are largely those who speak a foreign language. They have established a foreign language press in this country which tends to prevent the older generation from learning English. Moreover, it furnishes a means of propaganda of foreign ideas that is much more difficult to control than the same ideas printed in English. Again, the foreign languages affect the public school. In many instances, because of political influences, the teachers are immigrants or have been brought up with immigrants so that they speak English with a foreign accent. In consequence, hundreds of thousands of children born in America are trained in what is really a foreign dialect. Able as many of these foreigners are, and helpful in many ways as are their literary gifts, we ought to take care that our language is not corrupted, or our public schools so overwhelmed with aliens that they are useless for the training of American children.

Our religious institutions have been modified and are continually being modified by our immigrants. In the earlier days, one or two of the Colonies, like Maryland were largely Roman Catholic, the country was Protestant, largely of the Puritan type. The new immigration from Italy and Austria-Hungary is largely Roman Catholic, that from



Greece and Russia, excepting the Jewish immigrants, is Greek-Catholic, while the Jews bring their own separate religion. Again, there is a considerable element of Mohammedans or Hindus, although, as yet, their numbers are small. Even among the Protestants there is a decided difference between the old type Congregational, Presbyterian, or Methodist, and the German Lutheran or the Episcopalian. The keeping of the Sabbath, the forms of amusements, the nature of musical entertainment, the character of architecture and of art, are all of them materially influenced, sometimes for the better, sometimes for the worse, by these same religious factors, aside from the social influence closely connected with them.

A matter of perhaps greater immediate interest is the effect of immigration upon our government. Many of our cities, even the largest, are largely controlled at the present time by immigrants and their immediate descendants. But aside from this fact, a considerable percentage of the extreme political doctrines, scientific anarchism, to say nothing of nihilism and revolutionary anarchism, socialism, not merely of the Fabian variety, but also of the revolutionary variety, come largely from our immigrants.

It has been the boast of the Anglo-Saxon races that they primarily are responsible for the successful growth of democracy. They have had the self-restraint, the saneness of judgment, and the patience to build a democracy resting upon the will of the majority. A losing minority has been willing

to wait until by reason and fair influence it could become a majority before its will should prevail. In other countries, where the citizens are of a different temperament, we find the revolutionary type. It is no exaggeration and no captious or unfair criticism to state that a large proportion of the so-called "republics" maintained by people of races other than the Anglo-Saxon can not be called democracies at all. They are oligarchies subject to frequent revolutions. When large masses of our immigrants came from these other races, however intelligent and patriotic they may be, they are likely to influence our institutions in a direction different from that which they have hitherto followed.

As in social and political institutions, so also in economic institutions we find a similar influence. We note, for example, the trade unions, largely an institution that flourishes best in English speaking countries. The Industrial Workers of the World, although at times led by Americans, find their chief support among the foreign-born elements in the United States. Moreover, the political trend which is to be noted to-day in many of our trade unions — the effort to turn these great, beneficent, industrial institutions into political organs — comes chiefly from the immigrants.

Doubtless our immigration policy is intended to be one that will admit, freely, into this country those who will tend to satisfy our intellectual and moral needs and to improve us in those directions, and this should be the policy of all nations. Again, our policy, and that of other nations,

should be to admit those who will meet economic needs; to exclude those who would make economic conditions less favorable.

At the present time, conditions are so confused on account of the war that it is impossible as yet to determine what our needs are or what they will be in the near future. In efforts to adjust ourselves to the new conditions, it has been suggested in Congress that the wiser policy would be simply to stop immigration for a period of from one to four years until we can work out our adjustment problems, and then to determine what our new policy shall be. It seems quite clear that there should be some form of restrictive legislation. The details of that remain to be worked out in the near future.

Since the outbreak of the great war the need for the Americanization, in the best sense of that word, of our immigrants has been imprest upon us all. Both alien immigrants and foreign-born naturalized citizens have been discovered not only to have foreign sympathies but even to be engaged in traitorous practises.

Short of that gravest evil, however, is the great evil in our politics that comes from the formation of political cliques and parties along the lines of race. It is natural that our immigrants should not forget their home country; indeed, they would not be desirable immigrants if they did. Nevertheless, it is undesirable that their interest in their home country take on so partisan a tinge with so little regard for

the interest of our own country that they bring us into international difficulties.

We should, of course, insist on the teaching of English in all our schools, public and private. We need not underestimate the cultural or the practical value of a knowledge of modern foreign languages, but there is no reason for children born in America not knowing English as their native language.

Again, special efforts should be made to teach American history and American institutions in such a way as to show the advantages of a democratic form of government in building up the individual in mind and character. No teachers should be employed who are not American citizens, and teachers before receiving permission to teach should be thoroughly examined not merely as regards their knowledge but also as regards their American principles.

One great need is to assist the adult immigrant in understanding our institutions. We have established many night schools, and these should be widely extended and improved. Through private organizations as well as through our public school system, lectures covering American history and institutions are given with the same end in view; these, too, should be largely extended. Many other public means of education less formal, such as pageants, in which large numbers of the native and foreign-born population can be brought together into more intimate social intercourse, may be employed to give expression to American ideas and ideals, and these will

promote the same ends often in a way much better than formal instruction.

Millions of persons of varying ages and of all degrees of training daily visit the moving picture theatres. A beginning has already been made in furnishing not only dramas, but also historical, industrial, and educational films of various types which tend to stimulate, in the minds and feelings of the spectators, admiration and even love for things American. These require careful selection, editing, and production.

There is much to be hoped for in so-called community organizations and community work. These community movements are intended to promote acquaintance among peoples of different nationalities as well as of the same nationality. They call attention to common needs, common interests, common benefits, and the great desirability of united efforts to promote the common welfare. This is all promotion of Americanism.

The Great War has emphasized the need for Americanization. It is equally true that the Great War furnished an opportunity for progress in this direction such as has never existed before. In our army, both among the volunteers and the conscripted men, our young citizens of whatever race worked and suffered and fought and died together. This united action and sacrifice for a common cause has produced a new unity of feeling, and this unity of feeling should turn toward a common patriotism which desires to promote

at whatever sacrifice the best interests of our common country. Not only the men in the army but also their relatives and friends at home, women and children as well as men, joined hands throughout the war in promoting American welfare, as in the war the American welfare was to promote the safety and progress of civilization throughout the world.

However much we may think it necessary to restrict immigration, such restriction should be in the interest of Americanism. But however necessary it may appear to some to restrict immigration, there can be no sound reason for any one not to work for the welfare and the promotion of the interests of those immigrants who are already here and those whom we admit in the coming years. Every desire for safety as well as the desire for the promotion of the business interests and of higher ideals of thinking and living require the promotion of Americanization.



1

## XXXII

# RESTRICTIONS ON INCOMING FOREIGNERS <sup>1</sup>

ROBERT DeC. WARD

The recent investigation of the Kenyon Committee into the conditions which prevail in the steel districts has once again emphasized the supreme importance of a far more effective Americanization campaign than we have yet undertaken. It is now clear that it is the foreign element among the steel workers which constitutes the great body of the strikers, which has proved the most fertile soil for the sowing of radical doctrines, and which is largely ignorant of the English language. Furthermore, a great many of these foreigners are not naturalized. These facts have led to a renewed and systematic effort to enact into law measures for the wholesale education of all illiterates in this country, at least in the rudiments of the English language. In addition, at least one member of the Kenyon Committee has returned to Washington with the firm conviction that our alien population should be compelled to become naturalized under threat of deportation.

<sup>1</sup> Reprinted by author's permission from a recent communication to the *New York Times*.



The first step in making Americans out of our heterogeneous foreign-born population must be to give them a reading and speaking knowledge of English. But it is most important to remember that a common language alone will not, and cannot, immediately and completely wipe out all discordant racial differences. A common language is, indeed, an implement of Americanization, but it is only an implement. It by no means completes the structure. The alien must adapt himself to American standards of living, that is, to American standards of public order and safety, of hygiene, and the like. But Americanization is even more than getting a little education and adopting new standards of living. It should involve such an understanding and appreciation of our history, our institutions, and our Government as will necessarily inspire our foreign-born with the desire to become American citizens.

Naturalization is no infallible remedy for the evils of non-assimilation. Normal naturalization, which is the result of an alien's own desire to become a full-fledged American citizen, is a sane and healthy process. But forced, wholesale, artificially stimulated naturalization is undesirable. It does not produce 100 per cent. Americans. It too often results in a situation already far too common in this country, in which the "magic" expected of a naturalization court does not work. Aliens who do not of themselves naturally ask for naturalization are unlikely to be desirable citizens. They may go through the motions without changing their

racial prejudices and without acquiring either our ideas or our ideals. To quote the words of another: "When you have to urge a man to join a club he is very likely to stop paying his dues in a year or so, and if you persuade him to join our national society when he does not naturally care much about it, the effect is likely to be similar." From every point of view, wholesale and forced naturalization is to be condemned. A man has got to be a thorough American before he can become a useful or a desirable American citizen. I cannot imagine a worse body of voters than men and women who were compelled to become naturalized.

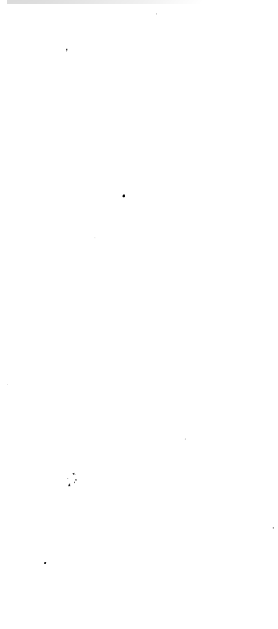
There is a further step which is an absolutely essential part of the Americanization campaign. No thorough Americanization can ever be accomplished unless immigration is kept within reasonable limits. It is an absolutely impossible task properly to educate, assimilate, and Americanize our foreign-born population if millions are forever to keep pouring in. It is exactly like trying to keep a leaking boat bailed out without stopping the leak. To allow alien immigrants to come into this country in the future at the rate at which they came in during the years preceding the war, would be to practice forcible feeding during an acute attack of national indigestion. For it is perfectly obvious to every one to-day that the alien population already here is far from being properly digested.

All the reliable evidence that is available points to a very largely increased immigration to this country as soon as the

conditions of transportation again become normal. Abundant testimony on this point has recently been given in Washington at the hearings on pending bills dealing with immigration problems. To hope to accomplish successful Americanization when the incoming stream of aliens resumes its full force is to have an optimism which is absolutely "beyond all bounds of reason." A real restriction of immigration is a necessary and logical part of the Americanization program. Senators and Congressmen who are now strongly urging the passage of bills for educating and Americanizing our foreign-born population cannot consistently refuse to support legislation which shall restrict immigration.

The obvious first step is the passage of the bill continuing for a year after the declaration of peace the wartime regulations on passports as urged by President Wilson in a special message, and by Secretary Lansing. A logical second step would be the passage of a bill suspending immigration for two years, (with many exceptions in favor of desirable aliens,) as urged by the Chairman of the House Committee on Immigration, Congressman Johnson of Washington, and by many others. And the third step should be the preparation, and later passage, of a comprehensive piece of legislation aimed to select and radically to restrict immigration in the years to come. We have lately been learning many lessons regarding the failure of our "melting pot" to accomplish what we have expected of it. Let us not forget what has

been learned, and let us see to it that no practically unselected and unrestricted stream of aliens shall ever again pour into this melting pot.



# XXXIII

## DEMOCRACY AND THE IMMIGRANT<sup>1</sup>

JOHN LEITCH

How did the superintendent of construction feel, what did he say, and what did he do when the curse of languages descended upon the Tower of Babel job?

Over at William Demuth & Co., at Brooklyn Manor, Long Island, we had nearly every feature of the Biblical story except the tower. About half were Italians, a quarter were Poles, and the remaining quarter covered nearly all other nationalities, with a very slight sprinkling of Americans. The factory made smokers' pipes and had been founded sixty years before. The work of making a briar pipe is not arduous but it is tedious. Until the war shut

<sup>1</sup> John Leitch does his work quietly. Millions of people do not even know who he is. But scores of corporation executives and tens of thousands of skilled and unskilled workers know him and know that he has put fat pay envelopes into the hands of the workers and bigger dividends into the pockets of the corporation owners.

He has done the impossible. He has worked out a new plan, remarkable in its accomplishment, that not only revolutionizes labor conditions but also gives Capital a new chance. This chapter is an adaptation from his book entitled: "Man-to-Man."

off immigration, labor conditions were not serious. These operators were highly skilled in one task. They could in normal times work outside only as laborers and many of them were too slight physically for the outdoors. But when the demand for war workers became great, and any one could get a job at high wages, they drifted away to the munitions plants.

New employees had to be hired, and they were progressively of a lower and lower class — the men and women who were too ignorant to find better jobs or who stopped in at the factory only until they could get something better. They were unruly. Few cared if the work were good or bad. The problem was to get this polyglot crowd interested in their work, to make them one with the company, to introduce a spirit of co-operation which would reflect higher pay for the men and a better product for the company. It was a serious problem.

I know that one concept is international; that every human being, every dumb animal responds to it. It is expressed in the single word justice. If that idea could be sent across, no longer would there be a problem. But how could it be put into the minds of men who knew not Justice; who had bent their backs to injustice from the day of their birth; whose nearest word to it was revenge?

Many could not understand what I tried to tell them, while others, I think the majority, had become so accustomed to having things "put over" on them in their daily life that

they were frankly suspicious and hostile. I sensed all of these things in the air. I would have been relieved had a few men spoken against the plan, actively opposed it. But they did nothing of the sort. They simply sat around and listened; some blankly, others glowered. We adopted the first corner-stone of Justice unanimously, it is true, but without other than formal enthusiasm. The Italians cheered because they naively like a celebration. The Poles said nothing.

I explained the dividend system, just how we intended to work together. I made it clear that we should not only govern ourselves but that of all the savings made in the cost of production one-half should go to the company and the other half to them.

In successive weeks we adopted the three main corner-stones of Co-operation, Economy, and Energy, and finally the cap-stone of Service. Then we organized, with this policy as a kind of constitution, a government on the same lines as that of the United States. We formed a cabinet consisting of the executive officers of the company with the president of the company as president of the cabinet. The legislative bodies were a Senate made up of department heads and foremen, and a House of Representatives elected by the employees. The elections to the House were by departments — one representative for each 25 employees; or, if a department had less than 20 employees, it combined with another small department. The various bodies elected their own

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officers and adopted by-laws covering their procedure. The House had as officers, a President, a Vice President, a Secretary, and a Sergeant-at-Arms. There were these standing committees: Program, Imperfect Material and Poor Workmanship, Suggestions, Publicity, Safety, Flag and Educational. The official make-up of the Senate was similar to that of the House.

I tried to make it clear to everybody that henceforth we should be governed exactly as the country in which we are living is governed. They were told that all complaints, all grievances, all disputes over rates or wages, should be presented to their representatives in the House who would take them up in meetings, and after a fair and open discussion try to arrive at a just decision. That all laws and measures affecting the conduct of the factory would have to pass the House and Senate and be approved by the Cabinet. That they were now under democratic rule, under their own rule, and were expected to make right use of the powers that had been given to them.

This aroused at least some interest. I think that most of them were curious to know what was going to happen. Without knowing it, they began to do better work; for at the end of the first two weeks we found that we could distribute a dividend. The dividend taught co-operation. For instance, a number of men decided to celebrate an Italian holiday. They stayed out. At the next meeting of the House of Representatives it was announced that the dividend

would be only 12 per cent. but that it would have been higher had not so many men taken a holiday. The dividends are the most practical and forceful argument for co-operation. The workers ventured into industrial democracy searching for cash; they stayed because they liked the idea.

A few members quickly caught the theory of representative government. Of course at first they believed that the whole idea was a fake. They came to show us up, but they turned out to be the real constructive force. For instance, half a dozen men who could not speak English walked out. We took it up at a House meeting. One of the "agitators" explained: "These fellows do not speak English. All that they know how to do when they do not like anything, is to strike. That is the only way they can express themselves."

The House appointed a committee to investigate and traced the whole trouble to some trivial error of allotment in the work; it had not been called to the attention of the head of the department. The committee hunted up the men, talked to them in their own language, and had them back within a few hours. This incident brought up the importance of having a single language in the plant instead of half a dozen. The House was discussing a house organ for general circulation in the factory. Read the minutes:

Someone asked whether it would be advisable to have the paper printed in different languages. The people who live in this country must speak English some time and they might as well learn now. If we keep on printing in different

languages the people will not learn to speak English. We ought to print it in one language only — English.

Take another case. It is the custom in nearly all factories employing foreign-born people to post signs in the varied tongues for the workers and some foremen are retained largely because of their knowledge of the languages. The representatives decided that this practice must be changed. They resolved that all foremen should give instructions in English and only in English. That the same rule should apply to all notices; that this was to be known as an English-speaking shop and that any one who did not understand the language should learn it. To help those who wanted to learn, they asked the company to provide classes for the teaching of English. These classes are now doing excellent work.

A group claimed that their rates were unjust. The House appointed a committee, which fully investigated and rendered a report stating just how and why the rates were incorrect and recommending certain changes. The bill then went to the Senate, was passed by it, and finally approved by the Cabinet. The original complainants grasped the justice of all this. Not only were they satisfied with the specific action but they found a sense of future security. Formerly, when a foreman refused, discontent had followed. But the force of public opinion now sustained the democratic decisions.

The labor turnover throughout the plant was serious; as soon as the Representatives and Senators realized that this

affected dividends, they investigated. They found that in the sandpapering department, which was the largest, 75 per cent. or more of the workers left or were discharged within a period of 12 months.

Calculating that it cost the company \$100 to train a sandpaperer, which investment was lost when the man left, it was demonstrated that the company lost through the year in this single department an amount of money, which, if saved, would pay about \$14,000 in a dividend to the employees. It became a matter of moment when a worker said he was going to quit. His fellows got around him. They tried to find out what the trouble was, and to persuade him to stay. Their whole attitude toward each other changed. Formerly they had gangs and cliques, especially the Italians; if a man became unpopular he had to get out and if he did not get out he was apt to get hurt. But all of that ended when they found that forcing out a worker was money out of pocket. That put a different face on it. First they found that it was financially better to have harmony; then they discovered it was a more agreeable way to work.

The ordinary workman just "gets by." He seldom suggests new improvements. In the beginning he may think of how to do something better but when he makes his suggestion to the foreman he finds that it is not welcome and thereafter he keeps to himself any ideas he may have. Foremen are constitutionally opposed to change. The Senate

and the House appointed a joint Committee on Suggestions and made a schedule of prices with further rewards at the discretion of the Cabinet. They got suggestions.

Under piece rates the workers press for quantity. A company makes its money out of quality. Through the dividend system the men came to know that although rushing their work and turning out inferior goods might increase their individual pay it would so decrease the mass dividend that their net return would be less than if they had devoted themselves to perfect goods. They did attain both quality and production to a remarkable extent. One department had a former record of 25 gross of pipes a week with three men working. They increased their force to ten men and attained an average of 50 gross a day. The sandpapering department increased its wages through increased production by 10 per cent. and on the quality side there was an even greater improvement. The whole product of the company has gone to a considerably higher plane than ever before. The stress has been on quality. That has been first. Quantity has come as a matter of course; but it has come.

And this quantity arrived during shorter working hours. They had been working 53 hours. Then they reduced to 50 — with a 10 per cent. increase in production. Now they are experimenting with a 48 hour week. They are doing all this themselves and at the same time watching dividends. They have touched 17½ per cent. in dividends and they intend to go higher. They have an *esprit de corps*. They

have designed service buttons. They compete by departments for efficiency records. The leading department holds the Stars and Stripes for a two weeks' period. And they fight hard for that flag!

But mark this! That factory formerly could hardly get its complement. Now, with labor even scarcer, it has a waiting list!



## XXXIV

# SOCIAL INSURANCE <sup>1</sup>

JOHN B. ANDREWS

For a good many years there has been a very unsatisfactory condition with regard to the law on employers' liability. The employer had been hedged about by dogma of "fellow servant" and "contributory negligence" to the point where it meant a long, bitter fight for a maimed worker or the next of kin of such a worker killed at his employment to recover what has always been inadequate indemnity or compensation. In the first place, mere money, especially a small sum, is entirely inadequate in exchange for the snuffing out of a life or the lopping of a limb. But, in addition, the ambulance chaser and the legal tout mulcted the ignorant and always poor workman by the contingent fee arrangement whereby he got anywhere from a third to more than half of the amount recovered.

To cap the climax, juries who realized the injustice of the law itself, and who were themselves aware sometimes by sad experience of the small percentage of the judgment which

<sup>1</sup> Reproduced by permission from "Labor Problems and Labor Legislation," American Association for Labor Legislation, pp. 109-125.



the complainant would recover, attempted to right this wrong by awarding excessive damages against defendant corporations. This condition came to a head in Europe before we were confronted with it. In casting about for a remedy for the deplorable condition, the idea of social insurance was hit upon, introduced, and proved satisfactory.

Social or industrial insurance has been called by many different names. In its various phases it has been called workmen's compensation, unemployment, old age, and health insurance, but the idea underlying all these component phases is to protect individual risks by society at large. In other words, society has an insurable interest, apart from the insured, in protecting the individual from the risks he runs in daily life. The idea is to give the worker immediate compensation for loss of wage from causes beyond his control.

First to win a place in the general scheme of social insurance was the health insurance adopted by Germany through the Sickness Insurance Law of 1881. This was followed rapidly by the Invalidity Law of 1883 and the Old-Age Insurance Law of 1889, the local and municipal governments meanwhile developing unemployment insurance along various lines. Health, then, was the first to receive recognition, followed by disability protection and supplemented by a form of self-pensioning against old age, while the government proceeded to underwrite the unemployment risk. The German Empire later consolidated and improved the various forms of insurance and developed a complete system to cover indus-

trial risk with government aid and subsidy. Most of the burden and expense of administration was borne by the Empire.

France copied from the German book and enacted social insurance laws along practically identical lines; but Great Britain and the United States were slow to recognize the advantages of such governmental protection against industrial risks. Britain took up first the business of workmen's compensation, along the lines of accident and invalidity insurance, and went in later for unemployment and health insurance without reservations. For the most part, Britain's old age protection is for poorly paid workers and is developed along the lines of a non-contributory pension.

Last of all the great powers in this movement for the adjustment of government to industry was the United States, and we are still far behind those other nations which blazed the trail in this new socialization of industry. We did not even take the matter under serious consideration until 1909, and then it was taken up by the states of New York, Wisconsin and Minnesota following the breakdown of the employers' liability laws. The commissions which were appointed favored legislation for the insurance of the risk, and after some thirty State commissions had studied the matter, legislation along that line was passed in a number of the States. In some States constitutional amendments had to be made before it was possible to sustain this new legislation; but thirty-eight States, as well as Porto Rico, Hawaii and

Alaska had all passed more or less competent workmen's compensation laws by 1918, and the Federal Government had adopted a law applicable to more than half a million civil service employees. When war began to draw recruits from the industrial complex, nearly two-thirds of the workmen of the country were protected by accident insurance.

The commission form of administering accident and industrial insurance gave broad scope to the legislation and resulted in wide benefits throughout nearly half the States of the Union not only to the workmen themselves, but in large measure to employers and public also. The elimination of ambulance chasing, and the lopping off of negligence cases in the courts; the development and encouragement of the Safety First movement, together with the new sense of security on the part of the workers themselves, all resulted in direct and indirect benefits which were immediately felt in every stratum of society. Then came the war!

The United States War Risk Insurance was probably the greatest step ever taken by any government along the road of social insurance; and the United States, last to lag into the procession of the nations in an industrial insurance, was the first of the great powers to apply the principle of insuring the risk in the military activities of a volunteer and conscripted citizenry. Pensions were relegated to the dead past, and the words allotment and allowance began to pop nimbly from the lips of men and women throughout the nation. The Government was assuming the rôle of the greatest insurance

company the world has ever known, and extending protection to a stupendous number of men engaged in the most hazardous employment of history. Soldiers were insured at low rates against high risks by a government which thought it unfair to its drafted citizens to demand their services on the battlefield without protecting their deserted dependents at home.

Before this, however, and when the war first broke out in Europe, the Act of September 2, 1914, was passed to protect American vessels and cargoes against loss from the war operations of the belligerents. This act was amended and improved from time to time in various ways. Master, officers and crew were insured by compulsion of the Federal act, either by the owners before sailing, or afterwards, by the Division of Marine and Seamen's Insurance which was a part of the Treasury Department. The premium expense, together with interest and a penalty up to one thousand dollars, with interest and costs, was made a lien on the vessel. This insurance was of the workmen's compensation type, and total disability was offset by an award of one year's pay or twelve times the monthly earnings, with a maximum compensation of \$5000 and a minimum of \$1500. Later, provision was made for similar insurance of men and materials on ships registered under friendly foreign flags and chartered by the government or citizens of the United States.

Remarkable success was made in this new venture of Government insurance of the merchant marine and personnel, the

full amount of insurance written during nearly four years being \$1,244,671,238, with a total cost to the Government for administration of only \$130,000. Forty-three million, one hundred eighty-five thousand and seven hundred seventy dollars was paid in premiums, and paid losses aggregated \$28,894,848, with a surplus over all costs amounting to \$14,000,000. This record merely indicates the success of a project which for the first time was placed in the hands of the Government, and augurs well for the extension of social insurance in other directions.

As a matter of fact, the excellent record of the Division of Marine and Seamen's Insurance encouraged the Government to engage on the project of War Risk Insurance on a scale of far greater significance, and in October, 1917, the act was amended to include soldiers, sailors and marines under a broad scheme embracing mutuality, co-operation and insurance for the amelioration of the burdens of the enlisted personnel and their families. The strictly insurance benefits were only a phase of the broad activities under the Bureau of War Risk Insurance. The more important features, perhaps, were the allotment of pay and family allowance, and compensation and indemnity for death or disability; insurance against death or total and permanent disability being of less significance.

In view of the fact that the Government had raised the pay of our armed forces one hundred per cent. with a minimum of thirty dollars a month, and considering the additional

point that the American armed forces received a higher rate of pay than the troops of any other government in the world, it is not surprising that the results on the battlefields were so astoundingly good.

It was required of the men that allotments be made from their pay to their dependents, in order that those dependents might also receive from the Government the allowances which were scaled on the nearness of relation and the number and age of such dependents. In this mutual aid and government co-operation were combined with a minimizing of the harmful effects of paternalism. Yet, by providing that men who violated the articles of war or failed to conduct themselves as required by Army Regulations were to lose all advantages under the War Risk Insurance act, it was obvious that the Government expected the best that was in its enlisted personnel.

At the same time, the contemptible trafficking of peanut politicians in pensions, which might well have been expected to extend over the period of the next fifty years or more, with billions of dollars of expense, was avoided. By making certain that no man's family would receive the Government allowance unless he himself were willing to allot a percentage of his pay, paternalism was avoided; by making it known to rank and file alike that failure in duty would relieve recalcitrant troops from the benefits of the War Risk policy; and by putting in the hearts and minds of our troops the certainty of protection under the shielding wing of the Government

for their families in case they were killed or disabled — by all these things a standard of conduct and an ideal of courage was attained which was on a very high level.

To the known incentive of rapid advancement for efficiency was added the withdrawal of benefits for deliberate failure in duty; and the net result of this system of rewards and penalties was to put our men on their mettle. Startling as it may seem, battle losses were actually minimized by putting a premium in many cases on utter fearlessness. With the opportunity of leaving better provision for their dependents than they could ever have hoped to in case of death or accident in civilian employment, many men felt an utter disregard for death. Death to many meant merely a release under ideal conditions from a troubled existence; and many a man, spent with exhaustion, weary, footsore, hungry, with his nerves ragged from the battle strain, quaffed the cup of death — a hero in the eyes of his comrades, secure in the knowledge that his family was well provided for.

A very important factor to be considered in this War Risk Insurance legislation is the fact that, unlike industrial compensation, the amount of the award does not vary in proportion to the wages of the deceased or disabled policy holder. The whole theory was that of the family need, and the Government took the view that if a man was drafted, his whole family was conscripted for the Service. The compensation therefore varied with the change in the family status, according to its needs.

Were we now, in the light of our war experience, to adopt legislation for industrial insurance along the same lines, men would feel more willing to sacrifice themselves in emergency for the benefit of their fellow workers, or even out of loyalty to the company. By withholding benefits from strikers it might well be that a higher standard of conduct could be attained without compulsion of any sort, providing always of course that adequate provision was made for the hearing and redress of injustices and grievances of the workmen along somewhat the lines followed in the army. It must not be forgotten, in considering this phase of the matter, that while the Government demands a pretty high standard of conduct from its men, it likewise holds its officers rigidly to account on even higher standards — and the point might well be taken that if the conduct of our industrial chiefs toward their men were as strictly scrutinized as it is in the Army it would be more than just and fair to the workers in civilian employment.

Whether such a point is arrived at or not, the fact still remains that industrial bodies are run by a system of rewards and penalties to the rank and file of the workers, although these in most cases are not uniform, well known, entirely just, nor clearly defined. The clarification which might well come with a careful piece of legislation for industrial or social insurance along the same lines of mutuality, co-operation and indemnity as the War Risk Insurance Act would go far to clarify and solve the unrest that to-day permeates



practically all civilian employment. This unrest is due to a feeling of insecurity. It cannot be met except by looking carefully to the human factor, and the greatest dread and uneasiness of the industrial worker would be removed by an absolute assurance of employment and compensation for incapacity or death.

It must not be forgotten that the worker is as truly enlisted in industrial warfare in times of peace as is the drafted man in time of war; and he is often oppressed by a greater fear of poverty-stricken old age and want and penury from other sources beyond his control than is the optimistic youth who answers the call of the country in the stirring times of war. The pot of gold at the end of the Martial rainbow is fame and renown, and it is within the grasp of any man, high or low; but the wealth, independence and power under the rainbow of peace will not go round, and there is glory for but few.

Another scheme embraced in the Government's army insurance plan is to re-educate partially disabled veterans who, by reason of their injuries received in the Service, are no longer able to follow their pre-war vocations. This re-education feature has been extended even to blinded men and cripples whom we used to think were hopeless. Teaching ex-soldiers to earn a living by a new trade for which their wounds or disabilities do not unfit them surely is not far removed from the possibility of retraining industrial workers maimed in the pursuit of their trade. And then, too, it must

not be forgotten that the Government provides to men disabled in the service free medical and hospital treatment where necessary, extending even to the supply of artificial limbs without charge.

It does not seem beyond the purview of sanity for us to establish a system of industrial insurance quite on a par with the War Risk Insurance, translating regulatory provisions from a war to a peace application. Industrial insurance deposits could be deposited in local savings banks for the account of the national fund, subject to draft of the Director of Industrial Insurance. This would decentralize premium deposits, strengthen savings banks, and increase loanable funds for local improvements such as housing. Then too, the workers could cash their compensation drafts at their home town banks, and this association would perhaps help to train him to save.

The stupendous amount of insurance which could be written up under the industrial risk scheme is indicated by the figure of the War Risk Bureau up to February, 1919. At that time over thirty-eight billion dollars of insurance was written, covering over ninety-five per cent. of the entire Army and Navy in amounts averaging nearly eighty-five per cent. of the maximum allowed per person.

The war policies of the men who served in the armed forces of the nation are convertible into six different kinds of peace time policies in sums ranging from \$1000 to \$10,000 in multiples of \$500, with death claim benefits of \$5.75 per

month per thousand dollars for two hundred and forty months. Insurance is furnished at cost, with no charge for administration, advertising, commissions and so on such as are loaded on private policies. Premiums are payable monthly, and war insurance must be converted into peace insurance within five years from peace proclamation with a choice of six forms of insurance. All such converted insurance is non-taxable, unassignable, and free from the claims of creditors. The dividend and other features are practically the same as those of any good private insurance company. Rates are about twenty-five per cent., more or less, under the rates of private companies.

Surely, as a result of the overwhelming success of this stupendous project of war risk insurance, there will come to this nation some kind of industrial insurance on a national scale. Whether this will absorb the activities of private companies; whether it will be accomplished through vast enlargement of the scope of private insurance with consequent lower rates; or whether it will be an outgrowth of the present bureau devoted solely to the insurance of manual workers, leaving to the private companies the insurance of brain workers and salaried employees, or numerous other forms of insurance, remains to be seen. Certain it is that, in justice to the workers as we turn our attention to the human factor, we are going to see industrial insurance which may well be hoped in time to take the place of charity. We must remove the blot of the ambulance buzzard from our courts of law;

we must reciprocate for faithful devotion to duty by prompt and sufficient relief to the family of the disabled worker without too great requirements from him because of his inability oftentimes to comply. A man grown old in industry ought to receive a pension for his services, and he is entitled to it just as much as the man old in the Service, even if his career has not been quite so romantic and eventful. We must put romance into business, build up around industry a glamour of glory in good work well done, faithful service well rewarded, quantity production records that are sporting events, medals for lengthy service, and even parades of veterans of business.

Truly the sacrifice on the battlefield of business is often enough greater than was that in the trenches, because it lacks romance, the glamour of song and story. The hideous details of the average worker's demise are utterly lacking in epic thrill; the widow's moan is drowned in the clanging uproar of industry; the orphaned infant's feeble wail is lost in the piercing scream of the next day's siren call to work. Since it is practically impossible to put the romance of the altruistic sacrifice of war into the selfish sordid struggle for existence, perhaps the least we can do is to limit the casualties, cut down the number and extent of the sacrifices laid on the altar of the Moloch of industry.

Provision should be made for the extension of insurance protection similar to that of the War Risk Insurance to every civilian employee of the Government, the States and

the municipalities. We ought to adopt a system of health insurance that would extend to every citizen and resident alien as a vital part in the development of an efficient public health service. And we cannot stop with that, but must go on to the establishment of mutual health insurance and insurance against accident, old age and death. We must make that insurance apply to every worker in the land, compulsory alike upon them and their employers. We must not rely too much upon the thrift of our industrial workers. But at the same time we must make the compulsion a compulsion of reason so far as the worker is concerned, and a compulsion of law upon the employer. No single industry or group of industries should be permitted to stand in the way of the progress of the nation. It is the industries as well as the workers that will get the direct benefit, and all of us will get indirect benefits from the orderly process of unruffled industrial peace.

Let us have a little more justice in our social-industrial relationship, and a little less charity. The worker wants a square deal; not a dole. Take down the sign over industry that reads, "All hope abandon ye who enter here!"

XXXV  
THE OLD EDUCATION UNDER  
FIRE <sup>1</sup>

ABRAHAM FLEXNER

All little children have certain common needs; but, beginning with adolescence, education is full of alternatives. The education planned for children who must leave school at fourteen necessarily differs in extent and thus to a degree in content from that feasible for those who can remain, say, two years longer, so as to acquire the rudiments of a vocation. Still different are the possibilities for children who have the good fortune to remain until they are eighteen or twenty, reasonably free during this lengthened period from the necessity of determining procedure by other than educational considerations. I assume that the Modern School of which we are now speaking contemplates liberal and general education in the sense last-mentioned. With regard to children who expect to enjoy such opportunities, what do we moderns mean when we speak of an educated man? How do we know and recognize an educated man in the modern sense? What can he do that an uneducated man — uneducated in the modern sense — cannot do?

<sup>1</sup> *The Review of Reviews*, March, 1916.

I suggest that, in the first place, a man educated in the modern sense has mastered the fundamental tools of knowledge: he can read and write; he can spell the words he is in the habit of using; he can express himself clearly orally or in writing; he can figure correctly and with moderate facility within the limits of practical need; he knows something about the globe on which he lives. So far there is no difference between a man educated in the modern sense and a man educated in any other sense.

There is, however, a marked divergence at the next step. The education which we are criticizing is overwhelmingly formal and traditional. If objection is made to this or that study on the ground that it is useless or unsuitable, the answer comes that it "trains the mind" or has been valued for centuries. "Training the mind" in the sense in which the claim is thus made for algebra or ancient languages is an assumption none too well founded; traditional esteem is an insufficient offset to present and future uselessness.

A man educated in the modern sense will forego the somewhat doubtful mental discipline received from formal studies; he will be contentedly ignorant of things for learning which no better reason than tradition can be assigned. Instead, his education will be obtained from studies that serve real purposes. Its content, spirit, and aim will be realistic and genuine, not formal or traditional. Thus, the man educated in the modern sense will be trained to know, to care about and to understand the world he lives in, both the physical

world and the social world. A firm grasp of the physical world means the capacity to note and to interpret phenomena; a first grasp of the social world means a comprehension of and sympathy with current industry, current science, and current politics.

The extent to which the history and literature of the past are utilized depends, not on what we call the historic value of this or that performance or classic, but on its actual pertinency to genuine need, interest, or capacity. In any case, the object in view would be to give children the knowledge they need and to develop in them the power to handle themselves in our own world. Neither historic nor what are called purely cultural claims would alone be regarded as compelling.

Even the progressive curricula of the present time are far from accepting the principle above formulated. For, though they include things that serve purposes, their eliminations are altogether too timid. They have occasionally dropped, occasionally curtailed what experience shows to be either unnecessary or hopelessly unsuitable. But they retain the bulk of the traditional course of study, and present it in traditional fashion, because an overwhelming case has not — so it is judged — yet been made against it. If, however, the standpoint which I have urged were adopted, the curriculum would contain only what can be shown to serve a purpose. The burden of proof would be on the subject, not on those who stand ready to eliminate it. If the subject serves a purpose,



it is eligible to the curriculum; otherwise not. I need not stop at this juncture to show that "serving a purpose," "useful," "genuine," "realistic," and other descriptive terms are not synonymous with "utilitarian," "materialistic," "commercial," etc.,—for intellectual and spiritual purposes are genuine and valid, precisely as are physical, physiological and industrial purposes. That will become clear as we proceed.

It follows from the way in which the child is made, and from the constitution and appeal of modern society, that instruction in objects and in phenomena will at one time or another play a very prominent part in the Modern School. It is, however, clear that mere knowledge of phenomena, and mere ability to understand or to produce objects falls short of the ultimate purpose of a liberal education. Such knowledge and such ability indubitably have, as President Eliot's paper pointed out, great value in themselves; and they imply such functioning of the senses as promises a rich fund of observation and experience. But in the end, if the Modern School is to be adequate to the need of modern life, this concrete training must produce sheer intellectual power. Abstract thinking has perhaps never before played so important a part in life as in this materialistic and scientific world of ours,—this world of railroads, automobiles, wireless telegraphy, and international relationships. Our problems involve indeed concrete data and present themselves in concrete forms; but, back of the concrete details, lie difficult

and involved intellectual processes. Hence, the realistic education we propose must eventuate in intellectual power.

We must not only cultivate the child's interests, senses and practical skill, but we must train him to interpret what he thus gets to the end that he may not only be able to perceive and to do, but that he may know in intellectual terms the significance of what he has perceived and done. The Modern School would prove a disappointment, unless greater intellectual power is procurable on the basis of a realistic training than has been procured from a formal education, which is prematurely intellectual, and to no slight extent a mere make-believe.

1. The first part of the document is a list of names and addresses of the members of the committee. The names are listed in alphabetical order, and the addresses are listed below each name. The list includes the names of the members of the committee, the names of the members of the sub-committee, and the names of the members of the advisory committee. The addresses are listed in the same order as the names.

# XXXVI

## CHANGES NEEDED IN SECONDARY EDUCATION<sup>1</sup>

CHARLES W. ELIOT

The best part of all human knowledge has come by exact and studied observation made through the senses of sight, hearing, taste, smell, and touch. The most important part of education has always been the training of the senses through which that best part of knowledge comes. This training has two precious results in the individual besides the faculty of accurate observation — one the acquisition of some sort of skill, the other the habit of careful reflection and measured reasoning which results in precise statement and record.

A baby spends all its waking time in learning to use its senses, and to reason correctly from the evidence of its senses. At first, it reaches after objects near by and far off alike, but gradually learns to judge by the eye whether or not it can reach the object seen. It tries to put everything into its mouth, perhaps in an effort to estimate size and shape correctly — which at first it cannot accomplish by the eye alone as the adult does, nor satisfactorily to itself even by the hand — or else to renew some of the agreeable sensations as to flavor or texture which it has already experienced, or possibly to rub its gums against something which feels cool and

<sup>1</sup> Publication of the General Education Board.

smooth. The baby's assiduity in observation and experimentation, and the rapidity of its progress in sense-training, are probably never matched in after life. Its mind is also trained fast; because it is constantly practising the mental interpretation of the phenomena which its senses present to it.

The boy on a farm has admirable opportunities to train eye, ear, and hand; because he can always be looking at the sky and the soils, the woods, the crops, and the forests, having familiar intercourse with many domestic animals, using various tools, listening to the innumerable sweet sounds which wind, water, birds, and insects make on the countryside, and in his holidays hunting, fishing, and roaming.

Increasing skill in the use of the hands and fingers has undoubtedly had much to do with the development of the human mind ever since man first stood erect, and set free from foot work his fingers and their opposing thumb. One of the best methods of developing the minds of children is practice in the coördinated activities of the brain and the hand. If brain, eye, and hand are coöperating, the developing mental effect is increased; and the mental action and reaction is stronger still when eyes, ears, and hands, and the whole nervous system, the memory, and the discriminating judgment are at work together.

The fundamental trades — such as those of the carpenter, mason, blacksmith, wheelwright, painter, hand leather-worker, and shoe-maker — have provided immensely valuable education for the human race, and have, indeed, been the

chief means of raising barbarous peoples to a condition of approximate civilization. To-day the teaching of those trades, without much use of machinery, is the best mode of developing the natural powers of a backward people — like the North American Indians and the negroes. When a Hindu father transmits to his son not only his caste with all its privileges and its restrictions, but also his hand-trade — such, for example, as that of a goldsmith or a potter, he imparts to his son under a religious sanction some of the most important elements in a sound education. East Indian civilization has been in great part transmitted in this way. The European guilds with their elaborate rules about apprenticeship contributed strongly for centuries to the education of the people through trades, before public schools and education for the masses through books and reading had been thought of.

In noble and rich families some training of the senses was obtained all through feudal times; because the men were brought up to war and the chase, and the women not only shared in some degree the sports of the men, but acquired the manual skill which sewing, knitting, hand-weaving, and embroidering demand. Even before the invention of gunpowder, success in war demanded the skilful use of trained senses in accurate and quick observation. Hunting and fishing have from the earliest times provided all sorts and conditions of men with admirable training of alert senses.

In respect to the training of their senses the children of well-to-do parents nowadays are often worse off than the

children of the poor; because they are not called upon to perform services in the household or on the farm which give practice in accurate observation and manual dexterity.

The advent of mechanical power and machinery has greatly impaired the educational value of many trades; and this impairment has become so common that it may almost be called universal. The accurate joints a carpenter used to make by the careful use of his own eyes and hands are now made by machines almost without human intervention. The horseshoes which a blacksmith used to turn by hand on his anvil, and temper in his own little fire with an accurate appreciation of the changing tints of the hot metal, are now turned out by machinery by the hundred thousand, almost without touch of human hand or glance of human eye. Tending machinery is, as a rule, less instructive for the workman than handwork of the old-fashioned sort, unless, indeed, the machine is complex, and the product liable to imperfections. In that case the working of the machine must be closely watched by trained human senses. The ordinary uniformity of a machine product is due to invariability in the action of the machine; and this invariability is a main object from the point of view of the inventor or the proprietor; but that same invariability makes the tending of the machine of little use in the education of the human being that tends it — child, woman, or man. In certain industries a young man may learn in two or three days to make the few almost automatic movements which the right tending of his machine de-

mands; and then may go on for years tending that same machine. Any ambitious or even prudent young man will try to escape as soon as possible from that sort of work. There is in it no training of the senses, no progress, and no joy in work.

The difference between a good workman and a poor one in farming, mining, or manufacturing is the difference between the man who possesses well-trained senses and good judgment in using them, and the man who does not. The valuable farm-hand is the man that can drive a straight furrow with a plough and a pair of mules, or can follow accurately in parallel curves the contours of the land while ploughing. The good hand-fisherman is the man who can feel correctly what is going on at the fishhook out of sight, and can make his motor nerves react quickly to what he feels there. The successful hunter is the man who can not only organize a well-devised drive, but can shoot surely the instant the game comes in sight. It is the blacksmith who has the sure touch with his hammer and the quick sight of the right tint on the heated drills who can sharpen three sets of quarryman's drills, while another man sharpens one.

It follows from these considerations that the training of the senses should always have been a prime object in human education at every stage from primary to professional. That prime object it has never been, and is not to-day. The kind of education the modern world has inherited from ancient



times was based chiefly on literature. Its principal materials, besides some elementary mathematics, were sacred and profane writings, both prose and poetry, including descriptive narration, history, philosophy, and religion; but accompanying this tradition of language and literature was another highly useful transmission from ancient times — the study of the Fine Arts, with the many kinds of skill that are indispensable to artistic creation. Wherever in Europe the cultivation of the Fine Arts has survived in vigor, there the varied skill of the artist in music, painting, sculpture, and architecture has been a saving element in national education, although it affected strongly only a limited number of persons. The English nation was less influenced by artistic culture than the nations of the continent. American secondary and higher education copied English models, and were also injuriously affected by the Puritan, Genevan, Scotch-

Presbyterian, and Quaker disdain for the Fine Arts. As a result the programmes of secondary schools in the United States allotted only an insignificant portion of school time to the cultivation of the perceptive power through music and drawing; and, until lately, boys and girls in secondary schools did not have their attention directed to the Fine Arts by any outside or voluntary organizations. As a rule, the young men admitted to American colleges can neither draw nor sing; and they possess no other skill of eye, ear, or hand. A high degree of skill in athletic sports is acquired only by exceptional persons; and the skill itself is of a coarser kind

than that needed by the artist and the skilled workman.

Since the middle of the eighteenth century a new element in the education of the white race has been developing, slowly for a hundred years but rapidly during the past fifty. This new element is physical, chemical, and biological science. Through the study of these subjects the medical profession has been revolutionized and several new professions of high value have been created — such as that of the chemist, of the engineer — civil, mechanical, electrical, or metallurgical — and of the forester. Through the radical work of great inventors and discoverers and of these new professions, all the large industries and transportation methods of the world, and therefore the commerce of the world, have been so changed that the producers and traders of times preceding 1850 would find, if they should revisit the scenes of their labors, that the processes by which they made their livings or their fortunes had completely disappeared. This prodigious change should have instructed the makers of programmes for schools and colleges maintained by nations which were undergoing this great revolution in regard to their means of livelihood; but for the most part professional educators have been, and still are, blind to the necessity of a corresponding reformation or revision of the processes of education.

The great increase of urban population at the expense of rural which has taken place during the past sixty years, with the accompanying growth of factories and the crowding together of the working people and their families, has re-

sulted, so far as schools and colleges are concerned, in placing more children and youths than formerly under the influence of systematic education and keeping them there for a longer period; but this improvement has been accompanied by a decline in the amount and quality of the sense-training which children and adolescents have received. An increasing proportion of children goes to the high schools, academies, and colleges; but the farm now teaches but a small proportion of the children born to the nation, and the urban family cannot train the children's senses in so effective and wholesome ways as the rural family could. In cities and large towns the trade which a boy chooses, or is assigned to, no longer demands for admission a prolonged apprenticeship. Machinery turns out an ample product without the need of much skilled labor. The general result is an inadequate training of the senses of the rising generation for accurate and quick observation.

In recent years, on account of the complexities, urgencies, and numerous accidents of urban life, there has been a striking revelation of the untrustworthiness of human testimony, not because witnesses intended to deceive, but because they were unable to see, hear, or describe accurately what really happened in their presence. This is probably an old difficulty; but it has been freshly brought to public attention by the numerous cases of conflicting testimony developed in courts, and before commissions of inquiry, medical examiners, and police authorities. Indeed, in such investigations it is

well-nigh the rule that the testimony of the different witnesses not only presents many variations of detail, but is often discordant and even contradictory. The investigators have to rely chiefly, not on what the witnesses testify occurred at the moment, but on what careful observers can subsequently learn from the actual state of the wreck, and the condition of the dead, the wounded, and the more or less injured survivors. This inability to see, hear, and describe correctly is not at all confined to uneducated people. On the contrary, it is often found in men and women whose education has been prolonged and thorough, but never contained any significant element of sense-training. Many highly educated American ministers, lawyers, and teachers have never received any scientific training, have never used any instrument of precision, possess no manual skill whatever, and cannot draw, sing, or play on a musical instrument. Their entire education has dwelt in the region of language, literature, philosophy, and history, with limited excursions into the field of mathematics. Many an elderly professional man, looking back on his education and examining his own habits of thought and of expression, perceives that his senses were never trained to act with precision, that his habits of thought permit vagueness, obscurity, and inaccuracy, and that his spoken or written statement lacks that measured, cautious, candid, simple quality which the scientific spirit fosters and inculcates. Such a deplorable result ought not to have been possible; but it has been unavoidable by the individual, whether child or

parent, because the programmes of secondary schools still cling almost exclusively to the memory subjects and the elements of mathematics, and college students are apt to adhere in college to the mental habits they acquired at school. The ordinary student does not venture into untried fields, because he feels more secure in the familiar.

In urging the training of the senses, the educator must never lose sight of the fact that mental vigor does not necessarily result from bodily work alone, whether handwork or work in directing machines. Many persons work all their lives with a moderate amount of manual skill, who never develop any considerable faculty of discrimination or of sound judgment. Whole tribes and nations have done fine handwork for generations, and yet never developed intellectual superiority. If one had to choose between training the senses and training the memory and the language powers, one would choose the latter; but both are indispensable to the best results in education. Neither depends for its educational value on imparting information; each supplies an indispensable discipline for the human intelligence.

The changes which ought to be made immediately in the programmes of American secondary schools, in order to correct the glaring deficiencies of the present programmes, are chiefly: the introduction of more hand, ear, and eye work — such as drawing, carpentry, turning, music, sewing, and cooking, and the giving of much more time to the sciences of observation — chemistry physics, biology, and geography —

not political, but geological and ethnographical geography. These sciences should be taught in the most concrete manner possible — that is in laboratories with ample experimenting done by the individual pupil with his own eyes and hands, and in the field through the pupil's own observation guided by expert leaders. In secondary schools situated in the country the elements of agriculture should have an important place in the programme, and the pupils should all work in the school gardens and experimental plots, both individually and in coöperation with others. In city schools a manual training should be given which would prepare a boy for any one of many different trades, not by familiarizing him with the details of actual work in any trade, but by giving him an all-round bodily vigor, a nervous system capable of multiform coördinated efforts, a liking for doing his best in competition with mates, and a widely applicable skill of eye and hand. Again, music should be given a substantial place in the programme of every secondary school, in order that all the pupils may learn musical notation, and may get much practice in reading music and in singing. Drawing, both freehand and mechanical, should be given ample time in every secondary school programme; because it is an admirable mode of expression which supplements language and is often to be preferred to it, lies at the foundation of excellence in many arts and trades, affords simultaneously good training for both eye and hand, and gives much enjoyment throughout life to the possessor of even a moderate amount of skill.



## XXXVII

# THE SALARY QUESTION <sup>1</sup>

A. LAWRENCE LOWELL

This brings us to the vital question of salaries, which is pressing in all departments of our universities and colleges. There will never be any difficulty in securing teachers of some kind, but that is a very different thing from recruiting men of the calibre we ought to have. We need men of strong personality and contagious enthusiasm, with a genius for imparting knowledge — in most cases the very type of men who would be likely to make a success in active life. We do not want the man who is good enough for a professor, but would not make a success anywhere else. During the war professors were drawn into government service of all kinds, and on the whole proved themselves extraordinarily capable, even in administrative positions far removed from their habitual fields — to the astonishment, no doubt, of people who had regarded them as academic and unpractical. But with the allurements of professional, commercial, and industrial life, and the large pecuniary rewards it offers, we

<sup>1</sup> Reprinted by courtesy of *The World's Work* for October, 1919, from article by President Lowell on "Universities from Within."



cannot expect at the present rate of salaries to maintain the grade of the instructing staffs at this level. Quite apart from the rising compensation in other pursuits, the salaries of professors have fallen very heavily in proportion to the cost of living, and they must be greatly raised if the institutions of higher learning are to render the service which the public has a right to expect.

At the recent Harvard Commencement Governor Coolidge spoke about the salaries of teachers in language well worth bearing in mind. He was referring not particularly to the universities, but to teachers as a class, and his remarks have a general application. He pointed out that if teachers are seriously underpaid in comparison with other occupations requiring as long a preparation and as much natural ability, it is inevitable that they should be dissatisfied with their treatment by the community; and that such a state of mind naturally breeds a social discontent which they cannot help imparting to their students. There is, perhaps, no more insidious way of inculcating social unrest among the people than by having as teachers a body of men who think the world unjust. University professors do not ask or expect salaries on the scale of those earned by successful professional and business men. They do not run the risks of those pursuits, and they do not look for the unusual rewards. Part of their compensation is in the security of tenure and payment, and the opportunity to devote themselves to scholarly work. What they ask is to be able to live comfortably on

the scale of life for which their position calls; to give their children as good an education as they themselves received, and to provide for their own old age and for their widows or infant children if they should die prematurely. This they can by no means do at the present rate of salaries. The Carnegie Foundation is no longer able to pay to instructors hereafter appointed pensions for old age and disability, as they have in the past. Those pensions must now be provided by the universities for the teachers, and that alone means practically the addition of ten per cent to their salaries.

The usefulness of a great university is by no means exhausted by its teaching. It has two functions, both so essential that neither can be said to be more important than the other. One is that of preserving and imparting the knowledge slowly acquired in the past, the other is that of adding to it. The question a university should ask is not whether an idea is old or new, but only whether it is true, and the universities have shown that there is no difficulty in combining the retention of what is good in the old with the strenuous search for new truth. Hitherto, America has not done its share in adding to knowledge, but has depended too much upon Europe. This is particularly true in the case of chemistry, which has been left far too much in the hands of Germany, both on the side of pure science and in its application to industry. It is the more unfortunate because the greatest advance during the next generation in scientific discovery, both in medicine and in the arts, appears to lie in

the field of chemistry. In this country we certainly need to develop its study far more than in the past, to train men as experts in the many industries in which it is essential: and we must not forget that research in the pure science and in its application go hand in hand. The discoveries made in university laboratories have almost always a direct or indirect application in the life of man, and the expert in the laboratory of a manufacturing concern not only puts into practise discoveries made by the university professor, but makes new investigations of his own in the chemical principles that affect his industry. For chemistry, our universities must have far better laboratories and a much larger number of skilled investigators.

It is a constant grief to see men who could add largely to knowledge expend themselves without doing so on account of the pressure of teaching and of administrative work which fills their time and exhausts their strength. In many fields, in every field, we must seek to stimulate and provide opportunities for those rare spirits that are capable of productive work.

This war has cast new duties upon the new world; and they are not only financial, commercial and political, but also intellectual and spiritual. How many young men who would have added to the scholarship of the world, how many potential philosophers, artists, and men of science have met an untimely death in Flanders, Picardy, Champagne, or around Verdun we shall never know. But we do know that

among the millions who have fallen Europe has been bereft of much of the flower of its youth, and among them of many men who if they had been spared would have been the chief contributors to the sum of human knowledge, to the progress of thought and civilization. That loss we must strive to repair, and it is to our universities and colleges that we must turn.



# XXXVIII

## WAR CHANGES IN EDUCATION<sup>1</sup>

LYMAN P. POWELL

The reaction of higher education to war and reconstruction would require a volume to describe in full. Every one recalls that immediately after our entry into the war representatives of the more important colleges and universities met in Washington and offered their institutions for whatever program of service the Government might present. There was later instant response to the request of the War Department's Committee on Education and Special Training to provide for the training of thousands of mechanics. In the last weeks of the war the Students' Army Training Corps was even a larger evidence of the purpose of American institutions to sink all their personal and historic interest before the necessity of preparing men for national service.

This chapter is the representative experience, out of a book not yet in print, of one of many educators who tried to

<sup>1</sup> Advance paragraphs from *Hands Across the Sea*, the writer's personal experiences in Europe in 1917 and in travelling and speaking since over this country.

do their bit. My purpose in the war zone was to study the effect of the war on higher education in England and France. Stories had drifted across the Atlantic of the devastation which the war had wrought at Oxford and Cambridge, but it required a visit to realize the piteous completeness of the suffering. In August, 1917, I found at Emmanuel College in Cambridge, made famous by Mr. Arthur C. Benson's presence there, no more than eight or ten students instead of the normal 130 of pre-war days. The hurt to Oxford was so deep that figures could not make it evident. Potential poets, statesmen, builders of civilization, had been swept off among the first hundred thousand. Few had returned home.

Educational reciprocity was on the lips of English educators everywhere I went. London, Oxford, Cambridge, were willing to sacrifice anything except essentials to secure it. Oxford had already talked over the expediency of adding the Ph.D. to her degrees, and though Cambridge was less willing to commit herself, individual educators there spoke out their minds. No one could speak officially for England or America. Every one seemed glad to see an American interested in the subject, and all agreed that we were at least in the talking stage.

Meanwhile, Colonel Lascelles, of the Australian Army, was making headway with the same idea for England's self-governing colonies, and during that summer a number of scholarships were established for Colonials by men of promi-

nence in London. Our Ambassador, the late Mr. Page, was thinking in large terms about the educational, as well as political relationship of England and America. I recall his buoyant, breezy, enthusiastic words: "educational reciprocity is all right. Oxford and Cambridge of course want it, but those old institutions cannot be hustled. They must have time to think and talk. English educators should get over to America. American educators should come over now, while the mood is on, and men are talking frankly."

The suggestion that a dozen or fifteen American educators should informally come over for a "talkfest" was promptly met by the reply: "Make it more. Get a hundred of the best to come across as soon as possible. They must be men of sense. You go back to America and spread the news that now is the time to talk the matter out." I am glad both the British and French Education Commission came over to America in the Autumn of 1918, just before Mr. Page, worn out by the long strain, passed away.

Over in France there was the same interest manifested everywhere. The very fact that I had not the usual official status opened lips which otherwise might have been silent. Particularly fruitful were the days at Bordeaux. There I met Professor Cestre, head of the Department of English literature at the University, and for practically a week I talked with several about the possible coming sometime to the University of Bordeaux of American students. Under the very lamp where Ribot worked out the problems of finance



when the French Government was moved from Paris to Bordeaux in the summer of 1914, I saw plans emerge on paper for the international usefulness of the University. The Chamber of Commerce was going to co-operate. Three hundred of the choicest families in the city were willing to take our boys into their homes to live.

There were, after the week at Bordeaux, two full weeks on shipboard for discussion with Professor Cestre, on his way to serve as Harvard Exchange-Professor 1917-18, the cultural advantages French universities can offer. As we walked the deck day after day Professor Cestre made clear that while the French are not as successful as the Germans in card-cataloguing and grave-digging in the fields of literature, they are also never choked or smothered by their scholarship. They have grasped the scientific method without abandoning their humanistic fervour. They have mastered details without losing their generalizing power.

On the boat which brought us lumbering through the mines and submarines were five young French women, three of them students of Professor Cestre, coming to pursue on scholarships their studies at Bryn Mawr. They talked to me with French frankness about the eagerness of many French young women to study in America. There was no need to tell me that, with France destitute, French young women could not come unless American institutions made special concessions.

During the weeks that followed my landing in America I

spoke at many universities and colleges of my European experiences. Journals like the *Review of Reviews* and the New York Sunday *Times* carried the word far and wide. Letters poured in from every quarter. The University of Cincinnati, first to respond, had five young French women settled at their work by the middle of the winter. In the early Spring systematic oversight began to be given to the subject by Dr. Robert L. Kelly, Executive Secretary of the Association of American Colleges, under whose direction the movement has made progress.

Meanwhile at the January meeting in 1918 of the Association much time was devoted to a discussion of our educational relationship to the allies. The President of the Association appointed a committee on war problems which at the closing session brought in a report which was adopted as thus indicated:

1. Responsibility of American Colleges to co-operate with the government in keeping students below conscription age in college.
2. Possible credits to be given students who leave college. (On motion of President King the Association voted "to refer the whole question, with power, to the Executive Committee in possible co-operation with other Associations representing higher institutions of learning.")
3. Increase of Exchange Professorships with our allies.
4. Multiplication of American fellowships and scholarships for students, both men and women, from our allies.

5. Arrangements with educational institutions of our allies providing opportunities to continue their studies abroad under conditions mutually satisfactory.

6. The creation of a Commission of American educators to be appointed jointly by this and other national Associations, for conference abroad with similar educational representatives of the allies, with the hope of bringing about a better mutual understanding and of establishing co-operative relationships. The Executive Committee was authorized to act for the Association in the appointment of members to this Commission and in otherwise giving effect to this resolution.

7. The establishment of a Federal Department of Education with a Secretary in the President's Cabinet. The Executive Committee was authorized to co-operate with other educational associations in efforts to secure the necessary legislation.

8. Hearty endorsement of the work of the Young Men's Christian Association among students at the front.

9. A hearty endorsement of the American University Union.

When the Association adjourned, Chicago was in the grip of the worst blizzard of years. No trains were running. Representatives of many other educational associations also were ice-bound. By telephone a number of them were brought together in informal session for two days or more at the University Club. The whole concept grew bigger. A committee was promptly formed to consult with officials

and others at Washington. Those who could not go at once to Washington were to keep in frequent communication by telegraph and letter with those who could be there.

Things happened in the weeks that followed. The Emergency Council on Education was organized and soon was representing more than a score of national educational organizations. Out of it grew the American Council on Education, co-operating both in the deepening and widening of educational interests. A special committee was sent to France to help in choosing French young women for the sixty or more institutions which during the academic year of 1918-19 had from one to five French young women in their group of students. More significant, possibly, was the presence last spring of almost six thousand of our soldiers in French Universities and half as many in the English institutions. Educational reciprocity thus ceased to be an idle dream, and promises, as years go by, to be a bond of union between the right-minded nations of the world.

To describe all of the educational developments of recent years is beyond the reach of this series. Publications of the United States Bureau of Education, the Reports of the Association of American Colleges, and Mr. Kolbe's book on the "Colleges in War Time and After" are mines of detailed information. Now the colleges and universities, after last year's experience with the Students' Army Training Corps, are back on a peace basis. The attendance this academic year of 1919-20 is greater than ever. Harvard,

Yale, Princeton and other institutions are conducting colossal campaigns to raise money with which to increase salaries and equipment. A unique experiment is in progress in Wisconsin, where nine colleges under the leadership of President Brannon, of Beloit, are endeavoring to raise \$5,000,000. The educational world is all alive.

# XXXIX

## NEW OPPORTUNITIES FOR EDUCATION <sup>1</sup>

### I

#### NATIONAL ASSOCIATION OF MANUFACTURERS

We favor the establishment in every community of continuation schools wherein the children of fourteen to eighteen years of age, now in the industries, shall be instructed in the science and art of their respective industries and in citizenship. "It is the right of every one of these children to be given an education that will make him efficient and reasonably happy, able properly to maintain himself and meet the various obligations of life and citizenship." A nation cannot live half slave and half free, half educated and half uneducated. God help the man whose vision is not clear enough to see that the employers see this.

### II

#### AMERICAN FEDERATION OF LABOR <sup>2</sup>

If we permit the present academic educational group of the nation to dominate, the whole force and virtue of genuine

<sup>1</sup> Proceedings of Annual Conventions, 1911, p. 150; 1913, p. 238.

<sup>2</sup> Report of Proceedings, 1916, p. 103.

vocational trade training will be in danger of being lost sight of and the nation's appropriations will probably be misdirected along minor lines of endeavor, such as manual training, amateur mechanics and other trifling, impractical valueless schemes. Neither can we afford to permit this great measure to be over-weighted by any special trade, commercial or vocational interests. The agriculturists should not predominate, neither should the commercial or even the labor and industrial interests.

## XL

# THE VOICE OF THE MACHINE <sup>1</sup>

GERALD STANLEY LEE

In this huge, bottomless, speechless, modern world — one would rather be running the poems than writing them. At night I turn in my sleep. I hear the midnight mail go by — that same still face before it, the great human headlight of it. I lie in my bed wondering. And when the thunder of the Face has died away, I am still wondering. Out there on the roof of the world, thundering alone, thundering past death, past glimmering bridges, past pale rivers, folding away villages behind him (the strange, soft, still little villages), pounding on the switch-lights, scooping up the stations, the fresh strips of earth and sky. . . . The cities swoon before him . . . swoon past him. Thundering past his own thunder, echoes dying away . . . and now out in the great plain, out in the fields of silence, drinking up mad, splendid, little black miles. . . . Every now and then he thinks back over his shoulder, thinks back over his long, roaring, yellow trail of souls. He laughs bitterly at sleep, at the men with tickets, at the way the men with tickets believe in him. He knows

<sup>1</sup> "The Voice of the Machine," pp. 177-181.



(he grips his hand on the lever) he is not infallible. Once . . . twice . . . he might have . . . he almost . . . Then suddenly there is a flash ahead . . . he sets his teeth, he reaches out with his soul . . . masters it, he strains himself up to his infallibility again . . . all those people there . . . fathers, mothers, children . . . sleeping on their arms full of dreams. He feels as the minister feels, I should think, when the bells have stopped on a Sabbath morning, when he stands in his pulpit alone, alone before God . . . alone before the Great Silence, and the people bow their heads.

But I have found that it is not merely the machines that one can see at a glance are woven all through with men (like the great trains) which make the big companions. It is a mere matter of getting acquainted with the machines, and there is not one that is not woven through with men, with dim faces of vanished lives — with inventors.

I have seen great wheels, in steam and in smoke, like swinging spirits of the dead. I have been told that the inventors were no longer with us, that their little tired, old-fashioned bodies were tucked in cemeteries, in the crypts of churches, but I have seen them with mighty new ones in the night — in the broad day, in a nameless silence, walk the earth. Inventors may not be put like engineers, in show windows in front of their machines, but they are all wrought into them. From the first bit of cold steel on the cowcatcher to the little last whiff of breath in the air-brake, they are wrought in — fibre of soul and fibre of body. As the sun and the wind are

wrought in the trees and rivers in the mountains, they are there. There is not a machine anywhere that has not its crowd of men in it, that is not full of laughter and hope and tears. The machines give one some idea, after a few years of listening, of what the inventors' lives were like. One hears them — the machines and the men, telling about each other.

There are days when it has been given to me to see the machines as inventors and prophets see them.

On these days I have seen inventors handling bits of wood and metal. I have seen them taking up empires in their hands and putting the future through their fingers.

On these days I have heard the machines as the voices of great peoples singing in the streets.

And after all, the finest and most perfect use of machinery, I have come to think, is this one the soul has, this awful, beautiful daily joy in its presence. To have this communion with it speaking around one, on sea and land, and in the low boom of cities, to have all this vast reaching out, earnest machinery of human life — sights and sounds and symbols of it, beckoning to one's spirit day and night everywhere, playing upon one the love and glory of the world — to have — ah, well, when in the last great moment of life I lay my universe out in order around about me, and lie down to die, I shall remember I have lived.

This great sorrowing civilization of ours, which I had

seen before, always sorrowing at heart but with a kind of devilish convulsive energy in it, has come to me and lived with me, and let me see the look of the future in its face.

And now I dare look up. For a moment — for a moment that shall live forever — I have seen once, I think — at least once, this great radiant gesturing of Man around the edges of a world. I shall not die, now, solitary. And when my time shall come and I lie down to do it, oh, unknown faces that shall wait with me,—let it not be with drawn curtains nor with shy, quiet flowers of fields about me, and silence and darkness. Do not shut out the great heartless-sounding, forgetting-looking roar of life. Rather let the windows be opened. And then with the voice of mills and of the mighty street — all the din and wonder of it,—with the sound in my ears of my big brother outside living his great life around his little earth, I will fall asleep.

# XLI

## RELIGION AND SOCIAL PROGRESS <sup>1</sup>

EDWARD T. DEVINE

Advance of a desirable kind implies stability and co-ordination as well as movement. Not all motion, by any means, is progress. St. Vitus's dance is as distressing as stupor, and social movements resembling locomotor ataxia, even if in a right direction, do not inspire confidence that the goal will ever really be attained or that the journey itself will be comfortable.

Certain social institutions, of which the family and the church are foremost and in a group by themselves, contribute conspicuously to this element of stability and integration. The family is of all socializing agencies the one which contributes most to insure that individuals shall not depart so far from the normal as to destroy completely their usefulness to others and their own chance of happiness. Through a long childhood impressions are made, examples are set for imitation, discipline is exercised, elementary ethical principles are inculcated, health is preserved by warding off dis-

<sup>1</sup> "Social Forces," pp. 211-217.

ease, by care in sickness, and by gradual development of the physical powers under parental oversight, lessons of infinite variety are taught, in the main unconsciously, of which the effect in its totality is to mould the individual for his normal and legitimate place in society, to fit him to take his part in work, in enjoyment, and in the whole round of human interests. The family may fall short of doing this in particular instances. Instead of the natural relation between parent and child, there may be only a comparatively brief physical dependence, and the more complete socializing process may fail entirely, or may be carried on outside the home. Instinctively, however, we feel that such a home fails of its true character, that it is abnormal.

The family, then, is an integrating, harmonizing, socializing institution, lessening the difficulties, in any case numerous enough, which the average person meets in understanding his fellow beings, getting on with them, giving them useful service, and obtaining from them the full benefits which they should naturally give in return. The family is so near to us, so familiar, so much a matter of course, that it is difficult to appreciate its real importance. We are so fully committed to the appreciation of our own individual homes, and attach so much meaning to the terms which describe relationships within the home, that it is hard to realize that the family is an institution, of interest as such to sociologists, an object of attack by iconoclasts, of study by historians, and, let us also believe, of design by an omniscient mind not ours, exer-

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cising through the ages a power not our own, making for righteousness and for social welfare.

Alongside the family, more ancient than the family in precisely its present form, working in part through the family, is another integrating, conservative, socializing force which in the most general terms we call religion. Unfortunately, the outward embodiment of this influence is not entirely at one with itself. We must speak of the churches, and even as we do this we suggest to some minds influences and forces which they feel to be antagonistic rather than favorable to progress and social welfare. Yet those who have this feeling and who turn elsewhere for a substitute for the church from which they are alienated, only give unintentional tribute to the permanent and universal need which for countless millions religion has met and which religion alone will be able to meet for the future millions of the race. Church organizations, like other institutions, may undergo processes of growth, adaptation, and decay, although we must not be misled by the analogy of the animal organism into the hasty view that they are inevitably to decay and perish by the mere lapse of time. The laws of the growth of institutions are after their own kind; and it is only the family among social institutions that can challenge comparison with the great religions as to antiquity or stability, of the appeal to fundamental human instincts and needs, or the measure of control which they exercise over the individual.

All this might be true without leading to the conviction

that religion has any present utility as a factor in human progress. Antiquity, authority, and a powerful appeal to sentiment, are to many minds only so many presumptive evidences of an utter lack of adaptation to modern needs. If institutions are old, they are probably obsolete. If they control, it is probably for selfish ends. If they appeal to primitive and universal instincts, they are probably of no use to the more sophisticated and cultivated minds that are shaping twentieth century destinies. While this impatience with the ancient, the authoritative and the conservative is not unnatural and is perhaps in itself a very wholesome thing, it has its dangers. Of course it cannot pretend not to be unscientific. It makes a good agitator, a brave leader in a dubious conflict, a loyal and reckless champion of progress at whatever cost. But it does not make the wise leader, or the great teacher, or the true friend of substantial and lasting progress. Leaders who win and deserve implicit confidence, whatever decision and courage they may show in the face of the enemy, have another side. They have also an open mind, thoughtful, discriminating, serious, constantly inquiring whether the need of the time is not holding ground already won rather than for immediate advance. In this they do not take counsel of their own weariness, or of inertia, or of the difficulties to be encountered, but of what they profoundly feel to be the great social needs. There is an inertia of motion as well as of rest.

Now religion, like domestic life, affords the means of weld-

ing society into a more perfect organism. It contributes to the more harmonious action of all the elements in society. The religious citizen is a better citizen, just as, other things being equal, the family man is a better citizen, for the reason that he has a greater stake in society. He has more motives and stronger motives for suiting himself to his fellows in all the numerous ways that strengthen society and promote its evolution to a higher state of development. He attaches more importance to his own life, and to the lives of others. Selfishness departs from him and the law of service rules him. He acknowledges obligations which the irreligious or the non-religious do not acknowledge, and he looks for and obtains pleasures and satisfactions which are to be found only in the religious life. If therefore integration, co-ordination, a more intimate relation between the individual and society, are essential to social progress, religion must be reckoned one of the most powerful factors.





## XLII

# WHY THE NEW RELIGIOUS DRIVES.<sup>1</sup>

F. C. MOREHOUSE

Here is the pith of our difficulty. We in the Church have all been busily engaged in doing little things. We are straining our resources to enable our vestries to pay from a thousand to two or three thousand dollars salary to our overburdened rector; who, in turn, is straining his resources to amuse us laymen, when, if Sunday be neither too bright nor too wet, we patronize him by going to church; while the women of the guild are busy over a fair by which to raise the money to lay a new carpet, the Sunday school teachers are telling interesting stories to somebody else's children instead of trying to make intelligent Churchmen of them, the precentor is trying to find a tenor who doesn't flat, the men are planning a smoker in order to "interest" other men, the choir boys are being anathematized because they track mud all over the floor of the guild hall or play leap frog on the rectory lawn, the chief topic of conversation in guild is

<sup>1</sup> *The Living Church*, October 4, 1919. Mr. Morehouse's words derive additional significance from the large share he has in promoting the Nation-wide Campaign of the Protestant Episcopal Church.

whether Susan or Matilda will catch the curate; and the one basis of unanimity in the parish is thankfulness that, as a parish, we are not like Saint Dionysius' on the other side of the river.

And outside, the great world is groaning almost in despair. "Labor" is ranged against "Capital." Wealthy pew owners are refusing to confer with collective bargainers. The United States Senate is grappling with problems the determination of which will affect our grandchildren's grandchildren. Secularized politicians are framing programmes that, as problems in morals, would tax our professors of moral theology. Our colleges and universities are groping after God and not finding Him. Mourners are seeking consolation in spiritualism. Sufferers are trying unchurchly cults that promise relief from pain. There is a vast world of degradation of which we speak as the underworld, in which no spark of light from the Church's beacon permeates. And the world outside America is only just trying to recover from despair.

The contrast between these two groups of conditions, the one within, the other without the Church, is almost enough to shake one's faith. In which realm, one is bound to ask, is Almighty God chiefly functioning? Which group of problems must most closely appeal to Him?

But when the war challenged the American people, and vast numbers of busy men and women immediately left what they had been doing and enlisted in the service of the Red

Cross, the Y. M. C. A., and similar activities, Churchmen and Churchwomen were conspicuous among them. Parishes that were appalled at the prospect of a deficit of a thousand dollars in a very modest budget, contributed men who immediately set to work to raise millions for these purposes — and raised them within a week. Scarcely a city, great or small, failed to have its leading Churchmen on Liberty Loan and Red Cross committee. A remarkable number of Churchwomen were most active in the Red Cross. From the pettiness within the Church to the magnitude of problems without, these sprang at almost a day's notice. And, in great things, they made good.

Shall we go back now to the littleness of life within the parish church in which we all acquiesced before the war?

Great numbers of Churchmen say, No!

And they mean it.



## XLIII

# THE COMING COOPERATION IN RELIGION

The world cannot be reconstructed by a formula. No mere agreement among diplomats can heal the wounds of war. No international constitution, however perfect in its phrasing, and no mere economic revolution, however sweeping in its scope, can bring about the universal reign of peace and good will among men. Such a peace is the fundamental aspiration of every human heart, but it cannot be realized through force, it cannot be realized through government, and it cannot be realized through law alone. World democracy can and will be realized only through the practical application of the religion of Jesus, and nothing but faithlessness on the part of the Christian Church need delay its realization.— S. EARL TAYLOR.

These are new days of human history when God has challenged the world to think in terms so big, so far reaching that we dare not turn aside. Any man in these days who thinks in pre-war terms, stands on the edge of spiritual, moral, and intellectual bankruptcy. We dare not think in the terms of old ecclesiasticisms or old programs. God has broken the heart of the world and left us where we simply

**must plan with a new daring of adequacy for the capture of His world.—**WILLIAM E. DOUGHTY.

**A practical plan of co-operation, entered into intelligently by the leaders of the aggressive forces of Protestantism and adhered to loyally without any compromise or sacrificing a single vital principle, would make possible the easy world-wide occupation by pure Christianity of all those fields that now concern us. In fact, I see no reason why five years should pass without our having in position in every dominant place the gospel agents and the gospel agencies on both sides of the sea in sufficient strength and working with sufficient precision to bring the victory well within our sight and within our day.—**JOHN R. MOTT.

**This movement of closer co-ordination and co-operation is never going to stop. It is going to grow year by year in increasing power. We may make mistakes. It is conceivable that we should make such colossal mistakes as to destroy any existing agencies of co-operation so that new agencies would have to be set up in their stead, but as sure as there will be a sunrise tomorrow another agency would be set up in their stead, because we are moving in a great progress from which we can never draw out or be drawn back. The only question we face today is whether we are going to be courageous enough, disinterested enough, wise enough to discern our time and to pass into this time with instrumentali-**

ties which we are called upon to devise and control and direct that are adequate for the tasks of this day. All of the great values that have come out of the war with us call upon us for this thing — the realization of how much more powerful great moral ideals are than all things else, the discovery of how the sense of something better ahead can command anything from men, and, what is in one sense more wonderful even than all of these, and what the soldier feels to have been the greatest thing that the war has brought to him, the sheer glory of an unwithholding comradeship.— ROBERT E. SPEER.<sup>1</sup>

<sup>1</sup> "The New Opportunity of the Church," p. 87.





## XLIV

# THE INTERCHURCH WORLD MOVEMENT

LYMAN P. POWELL

From April 29 to May 2, 1919, Cleveland was the objective of a group of public-spirited men, who seemed to be surprised at their very numbers. "They were all with one accord in one place." They had learned the lesson of the war. They had gone "over the top" in many a patriotic drive. They were afraid of nothing. They realized that a combination of forces with a common purpose and an uncommon leader could do things in the higher life never tried before.

In December, 1918, a conference of missionary boards of many religious bodies, called together by Dr. Vance of Nashville, met to discover whether they could work together. They were surprised at the simplicity of the problem. They at once adopted the policy of the Allies in 1918. Then in swift succession other religious groups came together and the Interchurch World Movement was formed with Dr. S. Earl Taylor, who perhaps was first to see the far-flung sweep of the idea, as the animating spirit and director. Quietly, tentatively the experiment was tried out, and a group of

experts was made up pledged to religious progress without competition.

They established a definite policy. They invited the churches of North America to combine for purposes of co-operation, not consolidation, or ecclesiastical unity on which co-operative enterprises usually break. Not merely was no church asked to make concessions, but there was tacit agreement to strengthen group convictions. The one objective was to combine in common service against evil and waste, so as to put new meaning into those lines,

“We are not divided,  
All one body we.”

As the delegates began to arrive at Cleveland on Tuesday, April 29, they found not even a printed programme. A few had promised to make addresses, but the purpose was to keep the meeting democratic. Wednesday brought a larger number and when the convention closed more than 500 delegates from all over the United States were present, representing Christian churches which sent 124, mission boards 115, women's organizations 76, educational institutions 71, religious papers 28, with officers and members of other religious groups exceeding 100, not to mention large local groups.

Irritations were avoided. A common basis was sought on which to stand and work. Dr. Taylor furnished a slogan for the convention when he began his evening address with the statement,

“WANTED — Somebody to go into the big brother business on an international scale.”

Those who looked for extremists were as radically disappointed as those who thought to find there ultra-conservatives. Dr. J. Campbell White indicated that those filled with the Spirit of God, though differing in doctrine, might undertake anything, while Christians divided and suspicious of one another would continue to stand “palsied in the presence of the needs” of today, and Christianity lose the biggest chance since Pentecost.

There was no lack of appreciation of previous efforts toward a common end. Men were present who looked back with admiration for church unity efforts of a generation ago, and few were there but had attempted to bring an end, each in his own way, to the overlapping and the under-vitalizing which has resulted here and there in trying to make two blades of grass grow where only one could ever sprout. The proposals more recent of the Protestant Episcopal Church to find a basis for agreement among Christians were in mind, as well as the good work the Federal Council of Churches has long been doing. Neither Home nor Foreign Mission Boards of any Christian fold were asked to abdicate, concede, or qualify. Only, it was clearly evident to all that

“New occasions teach new duties,”

and that the experience of the great war calls to religion as

well as government and business to "carry on" made possible by a community of understanding, a rightmindedness of spirit, a generosity of purpose, and an absolute comprehension of the wide-ranging meaning of the words Foch records in his "Principles of War," that "movement is the rule of strategy," that the economy of forces requires real soldiers "to strike with a concentrated whole," and that "men fight with their hearts."

The Committee on Findings brought in a report that placed the Interchurch World Movement on a sound basis. The report emphasized the importance of carrying the gospel to all men; effective co-operation among Christian churches without renunciation of conviction; the necessity of basing any programme of action on facts to be ascertained by a survey, no matter what the cost, covering not merely the field at home

but also abroad. These will be gladly placed at the service of folds out of the movement as well as in.

Emphasis was placed on the religious nurture of children; the enlistment and special preparation of youth for life service; the entire educational system of the churches at home and abroad; philanthropic institutions, hospitals, orphanages, asylums, and child welfare agencies; the means for the support of the ministry in retirement, as well as in active service; and the contribution of the Church to the solution of the definite social and industrial problems of the reconstruction period. Trained scholars like Professor James, of Northwestern University, gave gravity again and again to the situation by such

words as, "There is no one thing I believe as a teacher of American history that our Americans need today more than a world vision."

Strange to say, though the discussion was vigorous and the sessions lasted late, nobody seemed worried about the financial campaign. The discussion kept in a high altitude without capitulation of good sense. Scientific training was emphasized in preparation for a systematic campaign of enlisting by an uncompromising brotherhood which asks nothing and gives everything and considers the interests of all types of Christians. The critical attitude was discouraged. Intelligent organization and the utmost development of effective existing methods was on every lip.

Realizing the futility of indulging in mere platitudes about industrial problems it was agreed at last not merely to approve the admirable industrial platform of the Federal Council of Churches, but also to add to it and to constitute an Industrial Commission of recognized experts to go to the bottom of the whole subject. But specific plans will wait upon approved results.


One who has attended many conventions, religious, social, academic, and political, was particularly impressed with the purpose to conform to three conditions:

- (1) To saturate all proceedings with profound spirituality;
- (2) To eliminate all sentimentality in deference to "sweet reasonableness";

(3) To dodge no issue which has been raised in times past and frankly to meet every criticism which has been brought against the Christian Church. No man will ever again dare say the Christian Church "sidesteps" any problem of the time.

To carry out the elaborate programme adopted will cost much. But the Movement has that good credit based on Christian character and good sense. The best is the cheapest. To match the scientific surveys of the Charity Organization Society and the Methodist Centenary Movement it was agreed to use only the best experts, and not to hurry them. To ensure that everyone understands the large purpose of the movement the country was divided into districts, each under a director with educational aims, for such purposes as discriminating distribution of literature and the conduct of publicity campaigns.

No word was spoken that could possibly be interpreted as coercion of a single denomination to co-operate, but the value of co-operation in surveys, education and financing was made clear. All were encouraged to study one another's plans and literature and to do together what they could. New groups are hurrying to the standard and many more will undoubtedly come in and conduct a united publicity, and, after proper preparation, a financial campaign. Where this does not seem possible or agreeable, the Interchurch World Movement will give all the aid it can to any independent effort. There is no ulterior motive. There could not be. The development



of the spiritual resources of the movement was made so important as to saturate every department with it. The Committee of One Hundred meets frequently to harmonize and co-ordinate surveys, to oversee the budget, to outline for the first time the approximate responsibility of Christians for the world's welfare, while the smaller Executive Committee keeps the wheels turning.

Since the Cleveland Convention in May, 1919, the Interchurch Movement has lengthened its cords. Its staff has been more than doubled, and its tasks at least tripled. The survey has been organized the whole world over and conventions are being held in every state and county.

Such cities as New York have been treated as metropolitan areas, while smaller cities have been graded according to propinquity, state boundaries if necessary being ignored. The merely academic — but not the scientific — is studiously avoided both in the rural and the city survey. Already sufficient facts have come to light to indicate an amazing amount of unchurched territory in America, many projects of long standing below efficiency, and ministers suffering more than can be described.

Much attention is being given to the condition of hospitals and benevolent institutions,— the work already done, and their present needs. Plans are being formed to enable hospitals to be more efficient, to establish hospitals for the aged infirm, to aid tubercular hospitals in favorable climates, to provide sanatoria for healing and rest and hospitals for incur-



ables, to assist new hospitals, in need, to provide clinics for children's welfare and to dedicate dispensaries and clinics for the treatment of certain diseases too long neglected.

Child welfare organizations will be strengthened to combat the terrible waste through neglect and disease of young life. Children's homes and agencies for the care of orphans and foundlings will be provided and new interest shown in unfortunate children. Aged ministers, returned missionaries and retired ministers, regardless of their denominations, will find provision for their old age.

The Industrial Relations Department has made such progress that a conference was held in New York City on October 2 and 3, 1919, bringing representatives from England and Canada, as well as this country to consider the whole field of industrial problems, and the report of the Findings Committee was so significant that it is printed in full in the appendix.

Men are scattering over the world, co-operating with various missionary agencies, studying the scope and plans of various foreign enterprises and preparing for an exhibit which will include the topographical, racial, linguistic, literary, social, educational, political, and post-bellum conditions of the entire evangelistic world. The adequacy of specific mission stations is under consideration and the situation and need of medical missions, plans for the distribution of the Bible and other Christian literature are being revised, and missionary initiative in social and industrial spheres are em-

phasized. The results of the survey seem likely to reveal to the American churches the present and ever growing opportunity for greater efficiency both at home and abroad. One outcome of the survey will be the challenge to churches to accept their immediate duties.

The immense responsibility of tabulating the facts returned has been placed on a competent staff which will make no final report until they are sure their words will command the attention of scientific experts. To meet all this expense a united budget is gradually being made up. The united campaign of publicity and education is on. A nationwide financial drive will be made at the proper time, and a programme of work on the mission field as well as in the local church at home will be submitted.

On the basis of the world survey, it is proposed to make, if possible, a single joint budget, which shall outline the approximate responsibility of the churches in North America for the welfare of the world.

The field campaign received new impetus with the opening of the autumn. The large group who are attempting this year to reach every one of the 200,000 churches on the North American Continent is made up of men in the main who have had experience in denominational drives, and with few exceptions, in overseas work of large importance. The Field Department does not initiate, but co-ordinates and carries out the policies of other departments. In consequence every member of the large Interchurch staff owes responsi-

bility both to his own department and to the Field Department, and no department can make up a policy and act upon it regardless of the Field Department.

For administrative purposes the entire country is now divided into ten districts. In charge of each is a divisional director responsible to the Field Department and also for the building of the state organizations which consist of a State Secretary and State Committee associated with the State Secretary in an advisory capacity. In this way all religious and educational interests are reached. Even each county has its committee so that the approach to the local church is made with least difficulty.

There is a Department of General Publicity through which the publicity literature of the several departments is sent out. An immense number of pamphlets and information in other forms are being circulated. One item alone appeared in more than 900 papers of the United States in the month of October. The Literature Department is designed to serve other departments and to relieve them of the responsibility for independent action in printing all propaganda matter. In addition, there is a group of skilled writers attached primarily to the Publicity Department, who are keeping the public informed as to the status and progress of the movement. The *World Outlook* has been taken over by the Interchurch Movement, and along with *Everyland* made an official organ.

Many denominations are already represented in one way

or another in the movement and others are coming in. If for instance, a denomination has obtained all the money it needs for the next five years, it can enter on the other phases of the Movement's programme without embarrassment. The financial feature is, after all, only one of many in the comprehensive plan of the movement.

The steadily increasing co-operation noticeable in recent years in the mission field among various Christians is encouraged to the utmost. It is, in fact, the purpose of the movement at the proper time to give financial help where needed. The imagination of the leaders is so large that it is difficult even to comprehend. At the heart of the movement is the Spiritual Resources Department, to realize the spiritual energies of the churches by enrolling the largest possible number of intercessors, by conducting field campaigns, by circulating the best books and pamphlets to be found on prayer and devotional topics, by urging the setting up of the Family Altar, and giving special emphasis to such activities as the Week of Prayer, Day of Prayer for Students, and Lent. In connection with the Life Work Department, an educational program for a series of Sundays is planned.

Nothing quite like the Life Work Department of the Interchurch World Movement has ever before been organized. It is already strengthening many churches, promoting Bible study and moral education through conventions, and in other ways encouraging young people to discover their own latent resources, the life work for which they have the high-

est qualifications, and to dedicate themselves to the same.

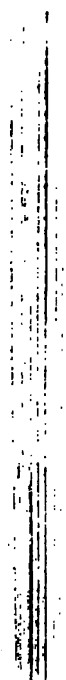
The very magnitude of the Interchurch task is bewildering, but if one goes among the various offices of the Movement in New York City, which is sorely taxed to furnish offices for all the staff, one sees that here is comprehensive and resolute spiritual enterprise, which the world has perhaps never before known. No rivalry exists. No word of dispraise is ever heard of other movements. The Federal Council of Churches is appreciated and all denominational enterprises.

Incidentally in the promotion of good will and helpfulness among denominations, Mexico has been canvassed, Canada is organizing, inquiries are coming from foreign countries, and several leaders of the Interchurch Movement are at this time in England counselling with our English kin.

More than 1000 meetings have been held the country over since my article appeared in June. For November alone 160 gatherings were listed. Teams each of six representative men held three-day conventions in every state in December. The plan for the winter provides for meetings everywhere with at least 6000 formal speakers and 500,000 "Minute Men." Even while the head of the Movement and some of his associates were waiting, on October 29, the sailing of their steamer for England they and other members of the Cabinet in co-operation with the Federal Council of Churches were watching the swift development of the coal strike. Both Dr. Taylor and Dr. Macfarlane, representing the Federal Coun-

cil, telegraphed President Wilson, October 29, advising him to appoint on the new industrial commission representatives of the Protestant and Roman Catholic Churches, both of which "have been dealing with industrial problems on a comprehensive, organized basis for months and have men well trained that are all at your command. The viewpoint of the Church is at once national and unselfish and it may be made of greatest service in the present emergency."

The Interchurch Movement has swung out into the wide world current. It has imagination and is reducing it to actuality. If it stops short of laying down a basis for ecclesiastical unity, its leaders perhaps agree with Bishop Brent that unity can be trusted to flow in time out of loyalty to a common ideal and they seek the content of co-operation before aiming for organized relationships about which churches are slow to come to an agreement at a time when the world demands as never before the unqualified moral and spiritual influence of Christian sentiment. Statesmanship is so evident in the councils of the Movement that already one can truly quote the first telegram ever sent: "What hath God wrought!"



# XLV

## INDUSTRIAL RELATIONS AND RELIGIOUS COOPERATION <sup>1</sup>

FRED B. FISHER

I shall not attempt to make the case for the department because I feel the case has already been made. I will simply attempt to outline certain of the things that are now happening in the Christian world, and our own application of certain of these principles to the present situation.

May I first call attention to the wonderful report issued by the Archbishops' Fifth Committee of Inquiry in Great Britain which, as you know, spent several weeks and months in a very careful study of the industrial situation not only in England but throughout the world. The document they have issued is certainly the most forward-looking that has come from the press in recent years so far as Christianity is concerned.

I would like to summarize in eight points, if possible, the stand taken in the report.

<sup>1</sup> Dr. Fisher, as head of the Industrial Department of the Inter-church Movement, has in this address covered practically all the recent significant industrial developments in the Christian churches. He gives also his own ideal of the duty of his Department.



1. The application of Christian ethics to industrial relationships, not stopping with individual character but running through all corporate bodies.
2. Industrial co-operation for public service — not competition for private gain.
3. The establishment of a living income and provision for adequate leisure.
4. The prevention of and provision for unemployment.
5. The protection of children and young persons.
6. Association of workers as well as employers.
7. Revision of housing system throughout.
8. Educational advantages for adults as well as for children.

In thinking of this report I would like to read just two or three extracts in order that we might get the general bearing of the report as regards the application of New Testament principles.

“We do not underestimate the theological and constitutional questions involved, but we say deliberately that in the region of moral and social questions, we insist that all Christians begin at once to act together as if they were one body, in one visible fellowship. This is not a day for divided attack.”

And this very striking sentence, “A future age will probably look upon some features of our industrial system with something of the same feelings which are aroused in us when we survey the nineteen centuries which it has taken to make

a professedly Christian world apply Christian principles to the case of slavery." Whether we would dare to issue a statement like that in the United States today, this will give you an idea as to the radical utterances of this committee.

"It is for the Church to humanize industry by upholding the spiritual ends to which it ought to be directed, and the spiritual criteria which ought to be judged. Industry is in short a social function which ought to be carried on, in the words of Bacon: 'for the glory of the Creator and the relief of man's estate.'"

"And this, the fundamental objection to them (referring to what goes before), is the intent, resulting in men and women being treated as instruments of production and that to treat human beings as instruments of production is morally wrong. Any system under which they are so employed, however efficient or imposing or monetarily backed, is in itself anti-Christian."

May I just go ahead and read a longer section here? "It can not pretend to solve the detailed problems of economic organization. This is obvious, but we can insist that it is the duty of Christians to solve them, just as we insist that it is the duty of Christians to prevent theft.

"We can assert the supreme authority of Christian principles as the final criterion of the social order. It should not simply denounce, but it should on the one hand appeal to principle, and on the other so far as practicable point toward the remedy and help put it into operation."

That is a radical departure from a statement of mere principle getting into the realm of action.

The Roman Catholic Church has just issued a remarkable document. The Bishops of the Roman Church met in Washington September 24 for three days. I would like to read very briefly — it is impossible to sum it up in just a few points, but very briefly, the things they stand for in the industrial realm.

“The establishment of discharged soldiers and sailors as owners of farms, in groups or colonies, assisted by loans from the Government; perpetuation of the United States Employment Service and the War Labor Board; elimination of women from all work that is harmful to health or morals; proportion of women in industry to be reduced to the smallest practicable number; equal pay with men for equal amounts and quantities of work; no reduction in the general level of wages attained during the war — any lower standard is suicide; cities to take up the housing problem; co-operative stores to reduce the cost of living by eliminating all middlemen's profit; a minimum wage; state insurance against illness, unemployment and old age, supported by a levy on industry; the right of labor to participate in industrial management; vocational training in all qualified private schools as well as in public schools, but always in such form as not to deprive any children of at least the elements of a cultural education; taxing child labor out of existence; prevention of monopolistic control of commodities and adequate government regulation

of public service monopolies; heavy taxation of incomes, excess profits and inheritances."

I will make no comment upon that programme. I simply read it to show its radical nature and its tendency today.

If there were time I would like to read our own social creed of the churches, but practically all of us are familiar with the declaration of the Federal Council of Churches subscribed to by thirty-two of our Evangelical churches in this country and revised again last May and brought up to date.

Those utterances are radical. The fact is our churches as individual units in localities or as national denominational units have not even attempted to put into operation the principles that have been laid down in the social creed of the churches.

The next step, in my judgment, is for the Christian forces to take some active part in the industrial situation today. Everybody else is speaking — ex-bartenders in their association, economists in the colleges, presidents of universities, capitalists, labor unions, radical labor forces — everybody else is speaking. I believe that the time has arrived for the Evangelical churches of this country to speak and to act and have a constructive programme, as this English report says, "That will look toward applying remedies to the situation."

During the last three months it has been my privilege to consult a very wide range of people, and I will try to group them under sixteen heads. To indicate them will give you an idea of the range of our investigation.

We have had conference with employers. One conference of employers at Wesley Hills was attended by two hundred and fifty employers representing more than one million employed men and women. When the proposition was presented to that group of men that the Interchurch World Movement proposed to investigate the present industrial situation, and to put itself into the field actively if it found it practicable, that entire audience of employers broke out into tremendous applause, and not only tremendous applause, but a great visible murmur went all over the audience, and immediately after that the matter of religion and morality was injected into the discussions and we did not get away from that phase of the thing on up through the second day.

I will not forget that shortly after our presentation one man who was on the program to deliver a big speech said that he was more or less swept off his feet by the injection of religion into the situation. Then he said that since the first of July he had not been drinking beer. Before that he had and before that he had given it to his friends, but he discovered he didn't need it. In a long résumé of forces that brought it about he said, "We may declare that it was economic; we may declare that it was moral; we may declare that it was spiritual — no matter how we explain it — education or otherwise — the thing that made this nation dry the first of July, and I speak not as a church man, was that the Evangelical churches of this country got into the affair and by legislation and education and activity made the national

conscience such as that the nation went dry. If you inject by any possible force all the Evangelical communions of this country into the present industrial situation — lift it from economics into the moral and spiritual realm — you will positively solve the problem by the dynamic of that strange force that I have never been able to comprehend but to which I have always bowed my head.”

Now when men sit up and make that sort of remark it is high time that you and I realize that our churches are related visibly to this problem.

We had a remarkable conference where we had several managing engineers — a dozen of them — men that are not particularly liked by laboring men, men that the laborers said put stop watches and clocks in the shop, and they dislike them — men that stand for shop committees but not for actual full participation, men that are maligned more or less by certain labor groups, among them men that are likely friends of labor — we saw to it in the invitation issued that it was not one sided. But in that conference of industrial managing engineers this whole program outlined by our department was carefully reviewed, and those men felt that the time had come for action, and that we no longer could merely insist upon principles, that we must get into the field actively in legislation and in other things.

I will not attempt to give an account of the other conferences but merely mention the groups with whom we have consulted — the American Federation of Labor at Washing-

ton where we had a remarkable conference at the headquarters of the Federation; the Senate Committee headed by Chairman Kenyon, and so interested was the Senate Committee in this whole matter that our Interchurch World Movement was invited to come down and sit with the committee after our plans were formulated. They said they would be glad to see whether we had anything to suggest for national legislation that ought to come before the Senate. Similar interest was shown by Chairman Smith of the House Committee, with Secretary Wilson and the assistant Secretary, Mr. Post, and all the other departmental members, the Government Conciliation Boards at Washington, and in New York groups of radicals, including our friend, Max Eastman, who doesn't have a great opinion of some of us who are in the church. Then we conferred with women related to the National League and all other women's organizations in this country, also the Y. M. C. A. and the Y. W. C. A., the National Civic Federation in New York — certainly as conservative as any church could ever dare to be, the Community Service Flag with all its New England plants in Boston. It was our privilege to lay our policy before them and to ask their opinion. We got a very decided reaction. Some of them thought that their after-war operations in the communities ought to have absolutely the clear field, some that the Red Cross and probably the after-war work of the War Camp Community Service might take care of the whole thing, but I hardly think we are prepared to turn over all these

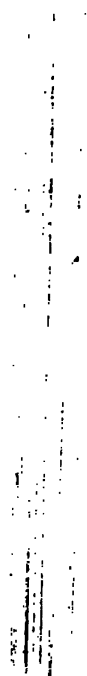
community programmes to these elements in our democracy that do not recognize the evangelical principle in the development of human life. It seems to me that in all community programmes we will have to have a part.

The Federal Council of Churches, the denominational societies and boards and committees for social service, all have been taken into conference.

Now I might go on, Mr. Chairman, and explain that there would be three general divisions for the work we do in the department; one would be research, another education and another service, but I will not attempt to outline that sort of plan inasmuch as I voluntarily reduced the time this afternoon from thirty minutes to fifteen.

This in closing — we have attempted in the declaration of policy to indicate both principles and practice. We have not attempted to say (a) we will work on these principles; (b) we will follow this programme. We have attempted in the statement of programme to indicate our principles.





# APPENDIX <sup>1</sup>

## I

This conference was called by the Industrial Relations Department of the Interchurch World Movement of North America on the recommendation of the Commission on Social Service of the Federal Council of the Churches of Christ in America, and the secretaries of social service commissions of several Christian bodies and organizations of the country. The delegates were nominated by the above named agencies.

The purpose of these findings is to point out the moral principles involved in all industrial relations and to suggest some methods applicable to the present situation. No attempt is made to deal adequately with either specific or general industrial problems but to indicate the Christian bases upon which these problems can be solved.

## II

The basic ethical principles of individual and social life may be briefly summarized as follows:

1. The inestimable value of the individual and the right of the individual to the fullest development of personality.
2. Service the supreme motive of human activity and the only true test of human valuation and achievement.
3. The inescapable responsibility of all individuals for complete devotion to the welfare of the whole social order and to the end of establishing a genuine human brotherhood.

<sup>1</sup> Report of the Findings Committee of the Industrial Department Conference of the Interchurch Movement held in New York, October 2 and 3, 1919.

## III

These principles, persistently and progressively applied, will inevitably solve our industrial and social problems. We urge their strict application to all such matters as property, industrial organization, democratic government and public education. In these principles and in the civilization which they constitute is found the essential and practical basis for the creative evolution of industrial society.

## IV

We urge upon all parties interested in production the recognition and application of the following and similar methods for industrial re-adjustment:

1. The representation of the various parties in the government of industry.
2. The right of workers to organize themselves for the development of just and democratic methods of collective bargaining between organizations of employers and workers. All differences in industry involving human relationships are subject to discussion and before final action is taken both sides are under moral obligation to confer together through their official representatives, even the minority being entitled to a hearing.
3. The rational extension of co-operative movements in both the production and distribution of goods.
4. In relation to the industrial status of women, freedom of choice of occupation, the assurance of equal opportunities with man in technical and vocational training, the determination of wages on the basis of occupation and service and not upon the basis of sex, the establishment of healthful conditions of employment and an equal voice with men in the democratic control and management of society.
5. The recognition of the right of our twelve million Ne-

gro fellow Americans to economic justice and to freedom from economic exploitation.

6. The recognition of the right of foreign-born laborers to equal opportunities in their conditions of labor; the application of democratic principles to native and foreign-born alike in all relationships.

## V

Justice demands that all channels of publicity and education be kept free for full and impartial discussion.

## VI

The principles of Jesus must be applied to the life and business of the individual church members and to the organization and management of the churches themselves in all their enterprises. This conference appeals to the entire membership of the Christian churches of North America to undertake a thorough alignment of their lives with the elemental principles enunciated by Jesus. This constitutes a supreme issue in the present crisis. These moral imperatives must be taken seriously. Repentance for self-indulgence, self-seeking and for acquiescence in standards of social prestige set up by dominant pagan forces is vital. Mankind must be convinced that the principles of Jesus have power over those who profess to know them best.

## VII

To this end we recommend:

1. A thorough reconstruction of the curricula and methods of religious education to insure that the youth of the churches shall be trained for their future responsibility in the application of Christian principles to economic life.
2. The immediate study by the adults of the churches of Christian principles as applied to the present industrial situation.

3. That all Christian colleges and theological schools provide adequate sociological and economic training for laymen and ministers to equip them for that leadership which the times demand.

## VIII

Industrial relations are of international significance. We therefore urge the serious consideration of Christian principles and proposals in international conferences by churches and their promulgation by all Christian representatives throughout the world.

Increasing numbers of intelligent and conscientious people believe that the conflict between the principles of Jesus and an industrial system based upon competition for private profit is sharply drawn. Those who believe that the present distress is not incurable under the present order have a great responsibility. Immediate and demonstrable progress must be made in applying moral principles and methods. Cooperation is imperative. Thus only can we bridge the gulf already existing between those who look only for an entirely new order and the forces of conservation. The interests of the stability as well as of the progress of our civilization make imperative an earnest consideration of the principles and proposals above outlined.

BISHOP FRANCIS J. McCONNELL,  
*Chairman of the Conference.*

DANIEL A. POLING, *Secretary.*

FRANK MASON NORTH,  
*Chairman of the Findings Committee.*

JUSTIN W. NIXON,  
*Secretary of the Findings Committee.*

FRED B. FISHER,  
*Director, Industrial Relations Department,  
Interchurch World Movement.*





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